

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. DEMOCRITO T. MENDOZA, SR., GWENDOLYN MENDOZA, VILMA MENDOZA, DEMOCRITO MENDOZA, JR., MENCA DEVELOPMENT CORP., CARMEN VELEZ TING AND ...

G.R. NO. 153726. March 28, 2007

Ponente: CHICO-NAZARIO, J.

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CHICO-NAZARIO, J.:

Before Us are consolidated Petitions for Review on Certiorari under Rule 45 of the Rules of Civil Procedure, assailing the Decision[1] of the Court of Appeals in CA-G.R. CV No. 57069, dated 30 March 2001, which reversed and set aside the Decision[2] of the Regional Trial Court (RTC) of Cebu, Branch 14, and dismissed for lack of merit Civil Case No. CEB-9563.

The present controversy involves a considerable spread of Silot Bay situated in Liloan, Cebu, and originally classified as part of Block B-Timberland, Project No. 29 of LC Map 1391-Liloan of the Land Classification Project of the Province of Cebu, with an area of 87.134 hectares, more or less.

On 13 January 1954, Democrito T. Mendoza, Sr. was accorded Ordinary Fishpond Permit No. F-2166-J for an area of 6.25 hectares within Silot Bay, which was previously leased by his father who waived the leasehold rights in his favor. On 26 July of the same year, Democrito Mendoza, Sr. was also issued Ordinary Nipa-Bacauan Permit No. NB 642 for an area of 2.635 hectares, also in Silot Bay. Several years later, on 7 May 1969, Democrito Mendoza, Sr. was issued Ordinary Fishpond Permit No. F-6029-Y encompassing an estimated area of 70.07 hectares within Silot Bay. This new permit covers the combined areas under Ordinary Nipa-Bacauan Permit No. NB 642 and Ordinary Fishpond Permit No. F-2166-J, as well as other areas previously managed by other fishpond permit grantees which Democrito Mendoza, Sr. acquired for valuable consideration.

Meanwhile, on 16 January 1967, then President Ferdinand E. Marcos issued a Memorandum addressed to the Secretary of Agriculture and Natural Resources, the Chairman of the Board of Governors of the Development Bank of the Philippines, the Undersecretary of Natural Resources, and the Directors of the Bureaus of Fishery, Forestry, and Lands, respectively, thereby constituting a continuing committee to accomplish the following:

- Identify the exact locations and area of these 700,000 hectares of fishpond areas on or before February 28, 1967. x x x.
- Within the month of March 1967, all these fishpond areas shall be released by the Bureau of Forestry to the Bureau of Lands as alienable and disposable, but subject to the disposal of the Bureau of Fisheries for fishpond purposes.[3]

Thereafter, on 24 September 1969, Democrito Mendoza, Sr. filed an application for sales patent[4] to purchase the area covered by Ordinary Fishpond Permit No. F-6029-Y.[5] The fishpond permit indicated that the area covered by said permit was only 70.07 hectares; however, upon resurvey by the Bureau of Lands, the area was reported to

be measuring 92.3881 hectares. Later, still another survey by the same bureau disclosed that the area applied for was only a little over 89 hectares.

On 17 August 1970, then Acting Director of Forestry Jose Viado issued a Letter Certification addressed to the Director of Lands regarding the classification of the property covered by Ordinary Fishpond Permit No. F-6029-Y subject of the sales patent application applied for by Democrito Mendoza, Sr., to wit:

Please be informed that the tract of land situated in Silot-Poblacion, Liloan, Cebu, containing an area of 70.07 hectares xxx, is within the Timberland Block-B of LC Project No. 29 of Liloan, Cebu, per BF Map LC-1391. However, since the said area has already been certified as available for fishpond development and is thus no longer needed for forest purposes, the same (the 70.07 hectares shown on Cebu PMD No. 1379) is, therefore, hereby certified as such and released as Alienable or Disposable for fishpond purposes only pursuant to the directive of the President dated January 16, 1967 and for disposition under the Public Land Act, as amended, subject nevertheless, to the following conditions:

x x x x

2. That the area herein certified as Alienable or Disposable be solely developed and used for fishpond purposes in consonance with the approved scientific practices and assistance of the personnel of the Philippine Fisheries Commission (Presidential Directive of January 16, 1967).[6] [Emphasis ours]

In compliance with the process for sales patent application, Democrito Mendoza, Sr. secured and submitted separate certifications from concerned government agencies such as the Provincial Engineer of Cebu, the District Engineer of Cebu, the Municipal Council of Liloan, Cebu, the Commissioner of Customs, the Secretary of Public Works and Highways, among other offices, to determine if there were objections to his application. Based on these certifications issued upon Democrito Mendoza, Sr.'s request, it was ascertained that there was no objection to said application and that the same did not interfere with any function or proposed project of the government.

Subsequently, notices of sale were published in the *Nueva Era* and the *Mindanao Mail*, in addition to the publication in the *Official Gazette*. The same were posted in conspicuous places within the vicinity of the property subject of the sale and on the bulletin boards of the Municipal Hall of Liloan, Cebu, and of the Bureau of Lands, District VII-I, both in Cebu City.

In the interim, Presidential Decree No. 43, Providing for the Accelerated Development of the Fishery Industry of the Philippines,[7] was issued on 9 November 1972. Whereupon all public lands, such as tidal swamps, mangrove and other swamps, marshes, ponds and streams within public lands, including public lands left dry during the lowest low tide and covered by water during the highest tide; and which are not needed for forestry purposes were declared available for fishpond purposes and automatically transferred to the Bureau of Fisheries for its administration and disposition.[8]

On 18 January 1973, a day before the scheduled auction sale of the disputed property, then Liloan Mayor Cesar Bugtai filed a letter-protest with the Director of Lands objecting to the proposed sale of the property. According to Mayor Bugtai, the area was intended for development by the local government as a tourist attraction. Despite said opposition by the municipal mayor, the District Land Office of Cebu City proceeded with the scheduled auction sale on 19 January 1973, wherein Democrito Mendoza, Sr. was declared winner, being the sole bidder thereat. The opposition of Mayor Bugtai was subsequently recommended for dismissal by the Bureau of Lands for lack of merit.

Thereafter, then Acting Director of the Bureau of Lands Ramon N. Casanova recommended the approval of Democrito Mendoza, Sr.'s request for the issuance of a patent to the land covered by Sales (Fishpond) Application No. (VI-I) 41-A on grounds of justice and equity.

In the First Indorsement of then Secretary of Agriculture and Natural Resources Arturo Tanco, Jr., dated 5 March 1974 to the Office of the President, the recommendation of Acting Director of the Bureau of Lands Ramon N. Casanova was favorably endorsed.

On 21 May 1974, then Presidential Executive Assistant Jacobo C. Clave issued a Memorandum informing the Secretary of the Department of Natural Resources that President Marcos had approved the recommendation advising approval of the request of Democrito Mendoza, Sr. for the issuance of a patent over the disputed property.

Prior to the formal award of the subject property, Democrito Mendoza, Sr., however, had caused the property to be subdivided into Lots 1 and 2. Lot 1 was further subdivided into four, namely Lots 1-A, 1-B, 1-C, and 1-D. Thereafter, Democrito Mendoza, Sr. made an assignment of his rights and interests over Lots 1-B, 1-C, and 1-D in favor of his three children Gwendolyn,[9] Vilma,[10] and Democrito, Jr.,[11] all surnamed Mendoza. For himself, Democrito Mendoza, Sr. retained Lot 1-A[12] with an area of 215,838 square meters and Lot 2 with an area of 241.61 square meters. Subsequently, Gwendolyn, Vilma, and Democrito, Jr. filed their respective sales patent applications for the property assigned to them by their father.

On 26 June 1974, Acting Director of the Bureau of Lands Ramon N. Casanova issued an Order awarding the sales patents over the disputed property to Democrito Mendoza, Sr. and his three children Gwendolyn, Vilma, and Democrito, Jr., respectively, to wit:

It appearing that the proceedings had in connection with the above-noted applications were in accordance with law and existing regulations, the portions of the land applied for which correspond to Lot No. 1-A & Lot No. 2, Si(F) (VI-I) 42-D are hereby awarded to Democrito T. Mendoza at P200.00 per hectare or P4,800.00 for the whole tract of 24.0000 hectares; Lot No. 1-B, Si(F) (VI-I) 42-D, to Gwendolyn C. Mendoza at P200.00 per hectare or P4,600.00 for the whole tract of 23.0000 hectares; Lot No. 1-C Si(F) (VI-I) 42-D, to Vilma C. Mendoza at P200.00 per hectare or P4,600.00 for the whole tract of 23.0000 hectares and Lot No. 1-D Si(F) (VI-I) 42-D, to Democrito C. Mendoza, Jr. at P200.00 per hectare or P4,477.62 for the whole tract of 23.3881 hectares.[13]

Following the registration of the sales patents with the Register of Deeds of Cebu, Original Certificates of Title were each issued to Democrito, Sr.,[14] Gwendolyn,[15] Vilma,[16] and Democrito, Jr.[17]

On 8 January 1982, in consideration of shares of stock in MENCA Development Corporation (MENCA) worth P77,283.00, Democrito Mendoza, Sr. executed a "Contract of Exchange of Real Properties for Shares of Stock" on 8 January 1982, whereby he ceded to MENCA Lot No. 2 and a portion of Lot No. 1-A. The portion tendered to MENCA was later on known as Lot No. 1-A-1, while the lot retained by Democrito Mendoza, Sr. was denominated as Lot No. 1-A-2.

On 9 July 1982, Democrito Mendoza, Sr., for himself and on behalf of his daughters Gwendolyn and Vilma, executed a "Deed of Exchange" wherein Lot No. 1-A-2 and a portion of each lot belonging to Gwendolyn and Vilma, respectively, were relinquished to Jacinto Velez, Jr. and Carmen Velez-Ting in exchange for properties enumerated in said instrument. The portion of the lots originally belonging to Gwendolyn and Vilma that were given to Jacinto Velez, Jr. and Carmen Velez-Ting were thereafter denominated as Lots No. 1-B-1 and 1-C-1, while the lots retained were labeled Lots No. 1-B-2 and 1-C-2.

Finally, on 9 May 1988, Democrito Mendoza, Sr., on behalf of his three children Gwendolyn, Vilma, and Democrito, Jr., executed another "Contract of Exchange of Real Properties for Shares of Stock" with MENCA, trading Lots No. 1-B-2, 1-C-2, and 1-D in exchange for 8,468 shares of stock in said corporation.

Sometime in 1988, a protest was filed by the fisherman-residents of Liloan against the issuance of the sales

patents to the Mendozas. Acting thereon, the Department of Environment and Natural Resources (DENR) Regional Office No. 7, Cebu City, conducted an investigation. On 23 October 1990, based on the information gathered by the DENR, showing that there were alleged irregularities in the issuance of the sales patents awarded to the Mendozas, the Republic of the Philippines, represented by the Director of the Land Management Bureau, filed with the RTC of Cebu, a complaint for Cancellation of Sales Patents and Titles against Democrito Mendoza, Sr. and his three children Gwendolyn, Vilma, and Democrito, Jr., together with the Register of Deeds of Cebu City.

According to the complaint, there was irregularity in the issuance of the sales patents covering the subject properties since the area in question forms part of Silot Bay and used as communal fishing grounds by the residents of Liloan, Cebu, and hence, is not alienable and disposable. It is further maintained that the sales patents were issued in violation of Section 23 of Presidential Decree No. 704, Fisheries Decree of 1975,[18] which prohibits the disposal by sale of public land suitable for fishpond purposes.[19] Complainant also contends that the issuance of the sales patents was attended by fraud and misrepresentation in that it was made to appear in the applications for sales patents that the areas sought to be patented were alienable and disposable tracts of land, when in fact the same form part of Silot Bay being used as communal fishing grounds by the residents of Liloan, Cebu.

On 8 July 1991, herein petitioner Republic of the Philippines filed an Amended Complaint impleading as additional party-defendants MENCA Development Corporation, Jacinto Velez, Jr., and Carmen Velez-Ting. Subsequently, the Silot Bay Fisherman's Association, Inc. filed a Complaint in Intervention on 24 October 1991, claiming that its members have a legal interest in the cancellation of the sales patents as they are residing around Silot Bay and deriving their income from fishing in the said disputed area.

After trial on the merits, the trial court, on 3 June 1996, rendered a Decision declaring the sales patents, as well as the original certificates of title issued to the Mendozas as null and void ab initio. Thus:

WHEREFORE, premises considered, judgment is hereby rendered:

- (1) Declaring Sales Patents Nos. 187, 188, 189 and 190 together with its corresponding Original Certificates of Titles Nos. 0-9983, 0-9980, 0-9981 and 0-9982 issued to defendants Democrito T. Mendoza, Sr., Democrito Mendoza, Jr., Gwendolyn Mendoza and Vilma Mendoza, absolutely null and void ab initio;
- (2) Ordering the said defendants to surrender to the defendant Register of Deeds for the Province of Cebu their respective owner's duplicate copies of Original Certificates of Titles Nos. 0-9983, 0-9980, 0-9981 and 0-9982, and directing the said defendant Register of Deeds for the Province of Cebu to cancel the same and all the patent titles emanating or springing therefrom; and,
- (3) Declaring Lot 1-A, Lot 1-B, Lot 1-C and Lot 1-D Psd. 07-01-00026 as inalienable and non-disposable being parts of Silot Bay.[20]

Aggrieved by the aforementioned Decision, the Mendozas and MENCA Corporation lodged an appeal with the Court of Appeals. On 30 March 2001, the appellate court rendered the herein assailed Decision, the pertinent portions of which state:

The separate appeals interposed by the defendants are impressed with merit.

As We see it, the primordial issue is whether or not appellants are qualified to own the property subject matter of this controversy. Implied in this issue is a more basic one, that is whether or not said property is alienable and disposable and, therefore, subject to private appropriation through modes recognized under the Public Land Act.

The lower court resolved the issue in the negative on the main reasoning that Silot Bay is a "communal fishing ground", and that the area in question is actually part of the seabed, hence, non-alienable. It added that, assuming the availability for disposition of the area applied for, appellant Democrito, Sr. is barred from asserting ownership thereof in view of Section 11, Article XIV of the 1973 Constitution, xxx.

The Court cannot bring itself to agree to the rationale for the trial court's posture. Our reasons are, as follows:

One, the property involved in this case is not a communal fishing ground, as erroneously concluded by the court a quo. While Silot Bay is a potential fishpond area, there must be, for it to come within the term "communal fishing ground", a declaration to that effect by the appropriate agency.

We have carefully perused the records before Us and found nothing therein evidencing such a declaration by the DANR respecting Silot Bay. What the records yield is the fact that Silot Bay, as shown by a Land Classification (LC) map, was once categorized as timberland. It cannot be overemphasized that the prerogative of classifying public lands pertains to administrative agencies which have been specially tasked by statutes to do so, namely: the DANR, now the DENR, and two (2) of its bureaus, the Bureau of Lands and the Bureau of Forestry. Hence, consistent with the oft-repeated pronouncements that courts will not interfere on matters which are addressed to the sound discretion of government and/or quasi-judicial agencies entrusted with the regulation of activities coming under the special technical knowledge and training (*International Container Terminal Service, Inc. vs. NLRC*, 256 SCRA 124; *Alba vs. Nitorreda*, 254 SCRA 753, citing other cases), and that issues involving basically technical matters deserve to be disentangled from undue interference by the courts (*Sta. Ines Melale Forest Products Corp. vs. Macaraig, Jr.*, 299 SCRA 491, citing *Ynson vs. CA*, 257 SCRA 411; *Casa Filipinas Realty Corporation vs. Office of the President*, 241 SCRA 165; *Rubenecia vs. CSC*, 244 SCRA 770), it behooves this Court to refrain from looking into the underlying reasons or grounds which impelled the classification and declaration of Silot Bay as timberland or from questioning the wisdom such classification or declaration.

x x x x

This Court, for argument, may allow that Silot Bay had once upon a time been duly reserved or declared as a communal fishing ground. It has to be pointed out, however, that an interplay of events had supervened to alter this reserved nature of the bay. We refer to the issuance on January 16, 1967 of the Presidential Memorandum, supra, and subsequently Presidential Decree (PD) No. 43, whereunder then President Marcos, with the end view of attaining self-sufficiency in fish production, directed the identification of potential fishpond areas, the same to be declared alienable and disposable to be titled in the name of the actual occupants thereof. There can hardly be any quibbling regarding the power of the then President to promulgate the twin issuances, or to undo, by way of reclassification, what a subordinate has done.

Second, the Mendozas, or Democrito, Sr. in his behalf and in behalf of his children appear to have complied with all the documentary, developmental, publication, bidding and other legal requirements necessary for securing sales patents. Otherwise, the Director of Lands, during the evaluation process, would have simply denied due course to his application. The actuality of the Director of Lands recommending and the Secretary of Agriculture and Natural Resources favorably endorsing the request of Democrito, Sr. for the issuance of what turned out to be the underlying sales (fishpond) patent is indicative of Democrito's compliance. Last but not least, the President's act of approving the issuance of the requested sales (fishpond) patent cannot but be viewed as final confirmation that Democrito, Sr. has indeed met all the requirements to justify a public land award through sales.

It may be worth mentioning that the Director of Lands had dismissed the protests filed by then Liloan Municipal Mayor Bugtai, et al., against the Sales (Fishpond) Patent application of Democrito, Sr. on the consistent ground that the applicant had complied with all the requirements of the law for a sales patent grant. In this regard, jurisprudence reminds that decisions of the Director of Lands on disputes involving patents to public lands, if supported by substantial evidence and approved by the DENR Secretary of Agriculture, are

generally conclusive. xxx.

Third, as a necessary consequence of Democrito, Sr.'s compliance with the legal requirements referred to above, the sales patents and the original certificates of titles issued in favor of the Mendozas are presumptively legal and valid.

Much was made by the trial court of the splitting up of the sales patent issued to Democrito, Sr., into four (4) parts, with each part containing an area not exceeding twenty-four (24) hectares in the names of Democrito, Sr., Democrito, Jr., Gwendolyn Mendoza and Vilma Mendoza. It may well be noted, however, that the split " obviously effected in view of Section 11, Article XIV of the 1973 Constitution, *supra*, limiting the acquisition of alienable land by individuals to twenty-four (24) hectares " came with the approval of the Director of Lands and the Secretary of Agriculture and Natural Resources. In a very real sense, therefore, the flaw, if any there be, in the manner the Mendoza children acquired their sales patents was remedied by the positive actions of the very officials charged by law with the administration and disposition of alienable public lands.

The unyielding posture of the appellee, as adopted by the trial court, that the area in question cannot be legally titled because it is underwater may be accorded some cogency but for the hard fact that it is being titled "for fishpond purposes only", as what precisely appears in the sales patents. Fish do not thrive on dry land. Fish are born and grow in water.

x x x x

Fourth, the sales patents and certificates of titles issued in the name of the Mendozas cannot, after the lapse of one (1) year from their issuance, be successfully challenged on the ground of fraud or misrepresentation. The reason is simple. After the due registration of a patent and the issuance of the corresponding title, the covered area is deemed to have been brought under the aegis of the Torrens system entitled to all guarantees implied in such system of registration. xxx

As may be noted, the one-year prescriptive period in the underscored portion of Section 32, P.D. No. 1529 applies even to the government. Accordingly, the government if deprived of property through fraud, as the trial court seems to imply, and as intervenor-appellee have at every turn postulated, must institute the proper petition in court for the reopening and review of the decree of registration " including of course the patent issued " within one (1) year from and after the date of entry of such decree of registration. Failing in this, the decree becomes inconvertible even as against the government itself. Hence, since the sales patents in question were registered a little less than a month after they were issued on September 25, 1974, the filing of the instant action for cancellation on October 23, 1990, which in net legal effect partakes of a petition for a reopening or review of the validity of the issuance of the sales patents, has, with the view We take of the case, definitely prescribed.

Fifth, the government is estopped to ask for the cancellation of the sales patents and titles issued in the names of the Mendozas. To say the least, there is something disconcerting, if not absurd, in the instant case. For, the very same agency - the Bureau of Land Management, formerly called Bureau of Lands, - which presumptively evaluated with thoroughness and recommended the grant of Sales (Fishpond) Application No. (VI-I) 41-A of Democrito Sr., he having complied with all the requirements of the law for the grant, would now trifle with its own processes, execute a 180 degree turn to argue and say that the same is not valid and illegal. Suffice it to state that to go back on one's word and to change a stand *volte face*, as what the Bureau of Land Management has done in this case, goes against well-settled principles of justice and fair play. While concededly, there is the legal stricture that the government is not estopped by the mistakes committed by its agents, the Supreme Court in *Commissioner of Internal Revenue v. Court of Appeals*, 303 SCRA 508, 516, pointedly stated that: "This Court is mindful of the well entrenched principle that the government is never estopped from the collecting of taxes because of the mistakes or errors on the part of its agents, but this rule admits of exceptions in the interest of justice and fair play x x x.

x x x x

Then, too, it has been the long standing policy and practice of this Court to respect the conclusions arrived at by quasi-judicial agencies x x x which by the nature of its functions, is dedicated exclusively to the study and consideration of x x x problems, and which has thus developed an expertise on the subject, unless an abuse or improvident exercise of its authority is shown. x x x"

The Bureau of Land Management and the intervenor-appellee, at this late hour, can no longer assail the issuance of the patents and titles to the Mendozas on the ground of fraud or irregularity. This is as it should be, because the sales patents in question, and the certificates of title issued by virtue thereof, have become incontrovertible and are binding against all persons, including the government and its branches, given that those who may be minded to question their validity have not done so within the period of one (1) year from the date of their registration.

Moreover, by reason of the lapse of more that sixteen (16) years from the issuance of the patents and the titles in question up to the filing on October 23, 1990 of the complaint contesting their validity on the ground of fraud, the government agency concerned and the intervenor are guilty of laches and are now precluded from questioning the validity of such grants. x x x.

It is indeed illogical and a cruel breach of the sporting idea of fair play, if the very same government agency which vigorously recommended, through indubitable public documents and authentic writings, the issuance of Sales Patents to Democrito Sr., would now be permitted to deny and successfully impugn in this action its official acts. What compounds matters is that the same agency led Democrito Sr. to believe that he has truly complied with the law and who, acting on such belief, participated in the bidding held on January 19, 1973 and paid the price for the area sold.

x x x x

Finally, We note that the primary basis of the lower court in declaring the nullity of the sales patent and titles of the appellants is its finding that the area covered thereby is "beyond the commerce of man", and, therefore, could not have been declared as alienable and disposable. x x x.

It bears stressing herein that LC map 1391-Liloan of the Land Classification Project of the Province of Cebu classified Silot Bay as "timberland". Evidently, the lower court makes light of LC Map 1391 prepared in 1940. To Our mind, the evidentiary value of antique map like Map 1391 ought to be accorded weighty consideration. Precisely, under the Revised Rules on Evidence, the antiquity of documents impart then with greater probative value. x x x.

The trial court deduced that the 1940 map wherein Silot Bay is classified as timberland is incorrect due to misleading information wittingly or unwittingly supplied by the government agencies concerned.

The conclusion reached by the lower court is assumed, not demonstrated; it is absolutely wanting in factual support, what with the reality that no evidence whatsoever was adduced by the Republic to sustain such a finding. It cannot be taken to overturn the legal presumption that official duties have been regularly performed.

x x x x

As between the aforesaid official findings of experts and the bare unsupported conclusions of the lower court, the choice is not hard to make. As it were, only the executive and possibly the legislative departments have the power to transfer, any time, lands of the public domain from one class to another, and, in like manner, to classify, for purposes of administration and disposition, such land as disposable and alienable by sale or other modes of ownership transfer. x x x.

Unquestionably, then, the lower court committed a serious error in ruling that Silot Bay cannot be declared as alienable and disposable.

Foregoing premises considered, We rule and so hold that (1) Sales Patents Nos. 187, 188, 189 and 190 issued in favor of the Mendozas; (2) the corresponding Original Certificates of Titles Nos. 0-9980, 0-9981, 0-9982 and 0-9983 issued in favor of the Mendozas; and (3) all the derivative titles emanating therefrom in the names of MENCA Development Corporation and Carmen Velez-Teng and Jacinto Velez, Jr., are all valid, legal and binding as against the whole world.[21]

The trial court's Decision having been reversed and the Sales Patents, as well as the Original Certificates of Title issued to the Mendozas having been declared valid, petitioners Republic of the Philippines and Silot Bay Fisherman's Association, Inc. filed their separate appeals before this Court.

Petitioners maintain that the Court of Appeals erred in declaring that the area covered by the sales patents are not communal fishing grounds due to the absence of any declaration to that effect by the appropriate government agency. According to petitioners, the appellate court failed to consider that Silot Bay is a navigable body of water and by its very nature and inherent character is of public dominion, thus there is no need for a declaration by any appropriate government agency that it is a communal fishing ground before Silot Bay may be recognized as such. Furthermore, petitioners assert that the Court of Appeals failed to give weight to the testimony of Edgardo Lipang, a former Geodetic Engineer of the Community and Environment Resources Office in Cebu City, who was authorized by the trial court to conduct a resurvey of the disputed area. His testimony established that the disputed area were found to be at the center of Silot Bay, the waters of which flow from Camotes Sea where marine organisms like sea urchins thrive, and not on marshy lands, rivers or lakes. Additionally, Edgardo Lipang explained in his testimony that the subject property is deep even during low tide and navigable by boats which further indicate that the area is part of the seabed rather than the foreshore.

Petitioner Republic of the Philippines added that it was erroneous for the appellate court to conclude that the Mendozas complied with all the requirements for the issuance of sales patents. According to petitioner, the Court of Appeals did not consider the findings of the investigation team from the DENR which discovered irregularities in the issuance of the sales patents, to wit:

- (a) The areas covered by the sales patents are part of Silot Bay and used as communal fishing grounds by Liloan residents and, therefore, is not alienable and disposable;
- (b) The sales patents were issued in violation of Section 23 Of Presidential Decree No. 704, which provides that no public land suitable for fishpond purposes shall be disposed by sale except sales patent already processed and approved on or before November 9, 1972 subject to the condition that such application covers a fully developed fishpond not exceeding twenty-four (24) hectares. (The questioned sales patents do not fall within the exception as they were issued on September 25, 1974);
- (c) The issuance of the sales patents was attended by fraud and misrepresentation committed by the applicants in that it was made to appear that the areas applied for are alienable and disposable tracts of land, when in truth and in fact, they form part of Silot Bay being used as communal fishing grounds by the residents of Liloan, Cebu.

Moreover, the government stresses the fact that the sales patent application of Democrito Mendoza, Sr. was for an area of 92.3881 hectares, clearly in violation of the constitutional limitation of 24 hectares; and that his act of circumventing the constitutional prohibition by distributing the area applied for to his three children cannot be legally authorized since his children were not qualified to apply for sales patents because not one of them had an existing lease over the property, which is a condition that must first be complied with before the grant of a sales

patent.

On the Court of Appeals' ruling that the government is now precluded from bringing an action for annulment of title after the lapse of one year from the issuance of the certificate of title, petitioners contend that said ruling is diametrically opposed to the pronouncement of this Court that the Republic of the Philippines is not precluded from bringing an action for annulment of title and reversion of land to the public domain even after the lapse of the one-year period.

Lastly, petitioners call attention to the previous rulings of this Court that estoppel does not operate against the government. In the case at bar, petitioner explains that the court a quo found that the sales patents were issued on the basis of false and misleading information supplied by the Mendozas to the government agencies which processed and granted their application; hence, it is erroneous for the appellate court to say that the government is already estopped from seeking the cancellation of these sales patents since the Republic of the Philippines is never estopped by the mistakes or error committed by its officials or agent.

In resolving the instant controversy, we shall foremost settle the issue of whether or not the government is now precluded from bringing an action for the annulment of title and reversion of the disputed property to the public domain after the lapse of the one-year period from registration thereof. We answer in the negative. It is true that, as the Court of Appeals upheld, the sales patents and certificates of title issued in the name of the Mendozas cannot, after the lapse of one year from their issuance, be successfully challenged on the ground of fraud or misrepresentation for the reason that after the due registration of a patent and the issuance of the corresponding title, the covered area is deemed to have been brought under the aegis of the Torrens system entitled to all guarantees implied in such system of registration. It is equally true however, that this Court, on the other hand, has declared too in numerous cases that the lapse of the one-year period within which a decree of title may be reopened for fraud would not prevent the cancellation thereof by the government, for to hold that a title may become indefeasible by registration, even if such title had been secured through fraud or in violation of the law would be the height of absurdity.[22] As held in the case of *Republic v. Court of Appeals*[23]:

[T]he indefeasibility of a title over land previously public is not 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 has been committed in securing such title in order that the appropriate action for reversion may be filed by the Government.[24]

Nevertheless, whilst we agree with petitioners that the government is not precluded from conducting an investigation as to how titles to property formerly belonging to the public domain has been acquired notwithstanding the lapse of the one-year period for bringing an action for the annulment of title and reversion of property to the public domain, in the absence of any showing that there was fraud or a violation of any law, we are constrained to uphold the ruling of the Court of Appeals regarding the authority of administrative agencies to classify Silot Bay as timberland and its subsequent release as alienable and disposable, and the findings of the appellate court that the Mendozas have complied with all the necessary requirements under the law for the issuance of the sales patents.

Despite petitioners' assertion that Silot Bay is a navigable body of water and by its very nature and inherent character is of public dominion, thus, there is no need for a declaration by any appropriate government agency that it is a communal fishing ground before Silot Bay may be recognized as such, it cannot be gainsaid that the prerogative of classifying public lands pertains to administrative agencies which have been specially tasked by statutes to do so and that the courts will not interfere on matters which are addressed to the sound discretion of government and/or quasi-judicial agencies entrusted with the regulation of activities coming under their special technical knowledge and training.[25] It should be stressed that the function of administering and disposing of

lands of the public domain in the manner prescribed by law is not entrusted to the courts but to executive officials.[26] And as such, courts should refrain from looking into the underlying reasons or grounds which impelled the classification and declaration of Silot Bay as timberland and its subsequent release as alienable and disposable land. From the facts of the case, it is evident that the Bureau of Forestry released Silot Bay as alienable and disposable by virtue of the Memorandum issued by then President Marcos on 16 January 1967 which clearly empowered said bureau to identify and locate the 700,000 hectares of fishpond areas and to release said areas as alienable and disposable. Hence, the courts, in view of the clear legal directive by which said area was released as alienable and disposable, will refrain from questioning the wisdom of such classification or declaration.

After a careful perusal of the records of the case, We rule that the sales patents handed out to Democrito T. Mendoza, Sr., Gwendolyn Mendoza, Vilma Mendoza and Democrito Mendoza, Jr., were properly issued.

Although it may seem that upon the advent of the 1973 Constitution, a conflict had arisen with respect to the then pending sales patent application of Democrito Mendoza, Sr., yet from the letter of then Acting Director of the Bureau of Lands Ramon N. Casanova, the approval of the sales patent application of Democrito T. Mendoza, Sr. was still favorably recommended on grounds of equity and justice, to wit:

Under Opinion No. 64, series of 1973 which was promulgated in the meantime by the Secretary of Justice and given clearance for implementation by the President per Memorandum dated February 6, 1974 of Presidential Executive Assistant Jacobo C. Clave, it has been held that "even sales application already awarded are not to be exempted from constitutional injunction regarding the acquisition of public lands for the reason that other requirements have still to be satisfied before a patent may be issued". In the case of the abovementioned application, while the land covered thereby was sold at public auction in which the applicant is the successful bidder and has been considerably improved and developed, no formal award has up to now been issued by this Office. In other words, the applicant may be considered not having acquired vested rights over the land applied for prior to the advent of the New Constitution which will entitle him to exemption from the constitutional limitation, following the above-noted ruling of the Secretary of Justice.

It may also be mentioned that this case does not fall under any of the categories of sales applications which may be given due course and issued patent pursuant to the policy guidelines prescribed by the Honorable Secretary in his memorandum dated February 18, 1974.

As the applicant, however, has in good faith made considerable investment in the development and improvement of the fishpond area and could have already obtained a title thereto were it not for circumstances beyond his control, it is believed that he is entitled, on considerations of equity and justice, to exemption from constitutional injunction.[27] (Emphasis ours.)

From the abovequoted letter, it can be deduced that had it not been for circumstance beyond the applicant's control, i.e., the adoption of the 1973 Constitution during the pendency of the sales patent application of Democrito T. Mendoza, Sr., there would not have been any obstacle for its approval by the Office of the President. Hence, taking into account the fact that Democrito T. Mendoza, Sr. had complied with all the necessary requirements for the issuance of sales patent covering the disputed area, then Acting Director of the Bureau of Lands Ramon N. Casanova recommended the approval of said application in the spirit of justice and equity. As stated by the Court of Appeals, Democrito Mendoza, Sr., appears to have complied with all the legal requirements for securing the sales patents; otherwise, the Acting Director of Lands would not have recommended the approval of said application despite the seeming constitutional impediment.

Moreover, it is worth noting that in order to conform to the prohibitions imposed by the 1973 Constitution which limits the purchase of lands of the public dominion to 24 hectares per individual, Democrito Mendoza, Sr., subdivided the property in question into four, each comprising an area not more than 24 hectares, and assigned his

rights over three parts to his three children. Accordingly, Democrito Mendoza, Sr. amended his sales patent application while his three children filed their own applications for their respective parts. The area applied for in each of the Mendozas' sales patent applications were, by then, well-within the constitutional limitation. Such subdivision of the area originally applied for by Democrito Mendoza, Sr. was made with the full knowledge and the subsequent approval of all the appropriate government authorities. There is nothing to suggest that it was done illicitly or fraudulently. That the subdivision was executed overtly actually establish the good faith of the Mendozas to comply with the Constitutional and statutory provisions on sales patent applications.

Petitioner Republic has failed to prove fraud on the part of the Mendozas with respect to the issuance of the sales patents. The burden of proving that actual fraud exists rests on the party alleging it. In this jurisdiction, fraud is never presumed - FRAUS EST IDIOSA ET NON PRAESUMENDA.[28] It must be stressed that mere allegations of fraud are not enough. Intentional acts to deceive and deprive another of his right, or in some manner injure him, must be specifically alleged and proved.[29] There is very little evidence in this case to convince Us that the Mendozas were able to secure their sales patent by fraud or misrepresentation. The assertion of petitioner Republic that the issuance of the sales patents was attended by fraud and misrepresentation is based solely on the claim made by the Mendozas in their sales patent applications that the areas sought to be patented were alienable and disposable tracts of land, when, in fact, the same form part of Silot Bay which were being used as communal fishing grounds by the residents of Liloan, Cebu. Such an assertion, however, has been squarely debunked in light of the unmistakable legal basis by which the appropriate administrative agency classified the areas applied for as alienable and disposable.

In the absence of any evidence of fraud or violation of law, the title of the Mendozas over the disputed property has now become indefeasible, even as against the petitioner Republic.

While the general rule is that the State cannot be put in estoppel by the mistakes or errors of its officials or agents, like all general rules, this is also subject to exceptions. We recognized such exceptions in *Republic v. Court of Appeals*,[30] to wit -

The general rule is that the State cannot be put in estoppel by the mistakes or errors of its officials or agents. However, like all general rules, this is also subject to exceptions, viz:

"Estoppels against the public are little favored. They should not be invoked except in rare and unusual circumstances, and may not be invoked where they would operate to defeat the effective operation of a policy adopted to protect the public. They must be applied with circumspection and should be applied only in those special cases where the interests of justice clearly require it. Nevertheless, the government must not be allowed to deal dishonorably or capriciously with its citizens, and must not play an ignoble part or do a shabby thing; and subject to limitations x x x the doctrine of equitable estoppel may be invoked against public authorities as well as against private individuals."

In *Republic v. Sandiganbayan*, the government, in its effort to recover ill-gotten wealth, tried to skirt the application of estoppel against it by invoking a specific constitutional provision. The Court countered:

"We agree with the statement that the State is immune from estoppel, but this concept is understood to refer to acts and mistakes of its officials especially those which are irregular (*Sharp International Marketing vs. Court of Appeals*, 201 SCRA 299; 306 [1991]; *Republic v. Aquino*, 120 SCRA 186 [1983]), which peculiar circumstances are absent in the case at bar. Although the State's right of action to recover ill-gotten wealth is not vulnerable to estoppel[;] it is non sequitur to suggest that a contract, freely and in good faith executed between the parties thereto is susceptible to disturbance ad infinitum. A different interpretation will lead to the absurd scenario of permitting a party to unilaterally jettison a compromise agreement which is supposed to have the authority of *res judicata* (Article 2037, New Civil Code), and like any other contract, has the force of law between parties thereto (Article 1159, New Civil Code; *Hernaez vs. Kao*, 17 SCRA 296 [1966]; 6 Padilla,

Civil Code Annotated, 7th ed., 198, p. 711; 3 Aquino, Civil Code, 1990 ed., p. 46.

Based on the foregoing, the State can only be immune from estoppel as regards mistakes, errors or irregularities committed by its officials or agents. In the absence of mistake, error or irregularity in the performance by the concerned government officials of their duties, then the State cannot invoke its immunity from estoppel.

In the Petition at bar, the Mendozas were given clearances and certifications on the lack of objections to their sales patent applications by the Director of Forestry, Provincial Engineer of Cebu, the District Engineer of Cebu, the Municipal Council of Liloan, Cebu, and the Commissioner of Customs, and the Secretary of Public Works and Highways. Subsequently, their sales patent applications were approved by the Director of the Bureau of Lands, the Secretary of the Department of Natural Resources, and the President of the Republic. Based on their patents, the Mendozas were able to acquire original certificates of title from the Registry of Deeds. Without any allegation and evidence that these government officials committed any mistake, error or irregularity in the approval of the sales patent applications and issuance of the certificates of title in the name of the Mendozas, then their acts in relation thereto estop the Republic from questioning the validity of the said sales patents and the certificates of title.

Finally, it should be borne in mind that that the contested areas and titles thereto had already passed on to third parties who acquired the same from the Mendozas in good faith and for value. When the Mendozas' sales patents were registered, they were brought under the operation of Presidential Decree No. 11529, otherwise known as the Land Registration Decree.

According to Section 103 of the Land Registration Decree, whenever public lands are by the Government alienated, granted, or conveyed to any person, the same shall be brought under the operation of the said Decree and shall be deemed to be registered lands to all intents and purposes under the Decree. And a well-settled doctrine in our jurisdiction provides that one who deals with property registered under the Torrens system need not go beyond the same, but only has to rely on the title. He is charged with notice only of such burdens and claims as are annotated on the title.^[31] The Mendozas' certificates of title were clean and, thus, MENCA Corporation, Jacinto Velez, Jr. and Carmen Velez-Ting were induced to acquire the same from the Mendozas. That they did so in good faith and for value was not even questioned herein. Their titles, rights, and interests to the fishpond area must be respected and protected.

In *Republic v. Agunoy, Sr., et al.*,^[32] We refused to revert the land in question to the public domain despite the fact that the free patent thereto was secured by fraud since the same land already passed on to purchasers in good faith and for value -

There can be no debate at all on petitioner's submission that no amount of legal technicality may serve as a solid foundation for the enjoyment of the fruits of fraud. It is thus understandable why petitioner chants the dogma of *fraus et jus nunquam cohabitant*.

Significantly, however, in the cases cited by petitioner Republic, as well as in those other cases where the doctrine of *fraus et jus nunquam cohabitant* was applied against a patent and title procured thru fraud or misrepresentation, we note that the land covered thereby is either a part of the forest zone which is definitely non-disposable, as in *Animas*, or that said patent and title are still in the name of the person who committed the fraud or misrepresentation, as in *Acot*, *Animas*, *Republic vs. CA and Del Mundo* and *Director of Lands vs. Abanilla, et al.* and, in either instance, there were yet no innocent third parties standing in the way.

If the titles of innocent buyers were recognized and protected in the afore-mentioned circumstances, even when the original title to the property was obtained through fraud, then the titles of the purchasers in good faith and for value of the fishpond areas in the present case better deserve our recognition and protection considering that the sales patents and original certificates of title of their predecessors-in-interest were found to be legally and validly

issued.

WHEREFORE, premises considered, the instant petition is hereby DENIED. The Decision of the Court of Appeals in CA-G.R. CV No. 57069 is hereby AFFIRMED.

SO ORDERED.

Ynares-Santiago, Austria-Martinez, and Callejo, JJ., concur.

Nachura, J., no part. Name appears as Sol Gen. in pleading.

[1] Penned by Associate Justice Cancio C. Garcia (now a member of this Court) with Associate Justices Oswaldo D. Agcaoili and Elvi John S. Asuncion, concurring; rollo of G.R. No. 153726, pp. 34-60.

[2] Penned by Judge Renato C. Dacudao (now Associate Justice of the Court of Appeals), dated 3 June 1996 in Civil Case No. CEB-9563; id. at 88-128.

[3] Records Vol. I, pp. 121-122.

[4] Sales (Fishpond) Application No. S (F) A-VI-1-42, later renumbered as Sales (Fishpond) Application No. (VI-I) 41-A.

[5] Democrito Mendoza, Sr. also applied for another sales patent [Sales Application No. VI-1 (43)] covering an area of 20 hectares within Silot Bay under Ordinary Fishpond Permit No. F-2166-J.

[6] Records Vol. I, pp. 43-44.

[7] Fishery Industry Development Decree of 1972.

[8] Section 6. Implementing Agencies. The agencies represented in the Council shall, in accordance with the Fishery Industry Development Program adopted by the Council, have the following functions, powers and duties under this Decree:

A. The Department of Agriculture and Natural Resources shall:

- Direct and coordinate the activities of its component agencies in accelerating the development of the industry;
- Direct and facilitate the orderly, systematic and expeditious transfer of the jurisdiction of public lands available for fishpond development to the Bureau of Fisheries upon the effectivity of this Decree. For this purpose, all public lands, such as tidal swamps, mangrove and other swamps, marshes, ponds and streams within public lands, including public lands left dry during the lowest low tide and covered by water during the highest tide; and which are not needed for forestry purposes are hereby declared available for fishpond purposes and automatically transferred to the Bureau of Fisheries for its administration and disposition; Provided, That the Bureau of Fisheries shall set aside portions of such public lands for fish propagation, fish sanctuary, conservation and ecological purposes: And provided, That certain tidal swamps, mangrove and other swamps, marshes, ponds, streams within public lands, used or utilized by fishery schools and colleges be set aside for their use; and
- Undertake such other measures as may be necessary to efficiently carry out the fishery industry development program.

[9] Lot 1-B; Psd 07-01-000026; 229,985 square meters.

[10] Lot 1-C; Psd 07-01-000026; 230,054 square meters.

- [11] Lot 1-D; Psd 07-01-000026; 195,223 square meters.
- [12] Psd 07-01-000026.
- [13] Records Vol. I, p. 128.
- [14] OCT No. 0-9983.
- [15] OCT No. 0-9981.
- [16] OCT No. 0-9982.
- [17] OCT No. 0-9980.
- [18] Revising and Consolidating All Laws and Decrees Affecting Fishing and Fisheries.
- [19] Section 23. Disposition of Public Lands for Fishponds. Upon the effectivity of the Decree, no public lands suitable for fishpond purposes shall be disposed by sale. Provided, That only fishpond sales patent already processed and approved on or before November 9, 1972, shall be given due course subject to the condition that such application covers a fully developed fishpond not exceeding twenty-four (24) hectares.
- [20] RTC Decision, pp. 37-42; rollo of G.R. No. 153726, pp. 123-128.
- [21] CA Decision, pp. 15-26, id. at 48-59.
- [22] Republic v. Court of Appeals, 23 March 1990, 183 SCRA 620, 627.
- [23] 9 March 2001, 354 SCRA 148.
- [24] Id. at 156-157; citing Republic v. Lozada, 90 SCRA 503 [1979].
- [25] Villaflor v. Court of Appeals, G.R. No. 95694, 9 October 1997.
- [26] Heirs of Proceso Bautista vs. Barza, G.R. No. 79167, 7 May 1992.
- [27] Records Vol. I, pp. 123-124.
- [28] Filinvest Credit Corp. v. Hon. Relova, G.R. No. L-50378, 30 September 1982.
- [29] Mariano et al. v. CA & Sps. Ines and Cleto Rebosa, G.R. No. 126875, 26 August 1999.
- [30] G.R. No. 116111, 21 January 1999.
- [31] Sandoval v. Court of Appeals, G.R. No. 106657, 1 August 1996.
- [32] G.R. No. 155394, 17 February 2005.

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