

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. GREGORIO AGUNOY, SR., ET AL., SPOUSES EDUARDO AND ARCELITA MARQUEZ AND RURAL BANK OF GAPAN, NUEVA ECIJA, RESPONDENTS.

G.R. NO. 155394. February 17, 2005

Ponente: GARCIA, J.

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GARCIA, J.:

Interplaying in this case are two (2) counter-balancing doctrines in the law of land titles: one, the doctrine of *fraus et jus nunquam cohabitant*, which basically means that no one may enjoy the fruits of fraud,[1] and the other, the doctrine that a fraudulent title may be the root of valid title in the name of an innocent buyer for value and in good faith.[2]

Invoking the first, petitioner Republic of the Philippines in this petition for review on certiorari under Rule 45 of the Rules of Court, seeks to nullify and set aside the decision dated September 26, 2002[3] of the Court of Appeals in CA-G.R. CV No. 55732, which reversed an earlier decision of the Regional Trial Court at Cabanatuan City, Branch 25, in its Civil Case No. 831-AF, an action for cancellation of free patent, original certificate of title and derivative transfer certificates of title, thereat filed by the petitioner against, among others, the herein respondents.

The facts are well laid out in the decision under review:

On May 26, 1958, Gregorio Agunoy, Sr. filed his application for Free Patent No. 5-1414 covering two parcels of land identified as Lot Nos. 1341 and 1342, Cad 269, Sta. Rosa Cadastre, Nueva Ecija, containing an aggregate area of 18.6486 hectares with the Bureau of Lands. On January 18, 1967, he was issued Free Patent No. 314450 by the Director of Lands.

On February 6, 1967, the Register of Deeds of Nueva Ecija registered Free Patent No. 314450 and issued the corresponding Original Certificate of Title (OCT) No. P-4522 in the name of Gregorio Agunoy, Sr.

On March 10, 1967, the heirs of Eusebio Perez, represented by Francisca Perez, caused the annotation on the said OCT of an adverse claim in their favor over a portion of 15.1593 hectares of the property.

On July 30, 1975, the said heirs of Eusebio Perez filed a formal protest docketed as B.L. Claim No. 760 (n) with the Bureau of Lands alleging that Lot 1341 of the Sta. Rosa Cadastre, Nueva Ecija, covered by Original Certificate of Title No-P4522 is identical to Lots 1 and 2 of Plan Psu-47200 which had been adjudicated as private property of said protestant pursuant to a decision promulgated on October 24, 1960 by the Court of First Instance of Nueva Ecija in Land Registration Case No. 430, LRC Records No. 14876.

On May 3, 1976, the chief of the Legal Division, Bureau of Lands, conducted a formal investigation and ocular inspection of the premises and it was ascertained that Free Patent No. 314450 and its corresponding OCT No. P-4522 were improperly and fraudulently issued (Records, p.78)

On July 31, 1979, upon the death of the wife of Gregorio Agunoy, Sr., the heirs, namely Gregorio Sr., Tomas,

Lilian, Angelito and Gregorio, Jr., executed a Deed of Extrajudicial Partition with Sale in favor of Joaquin Sangabol for and in consideration of the sum of Twenty Thousand Pesos (P20,000.00).

The Original Certificate of Title No. P-4522 was cancelled by the Register of Deeds of Nueva Ecija and Transfer Certificate of Title (TCT) No. 166270 was issued in favor of the aforementioned heirs. Said TCT No. 166270 was again cancelled by reason of the concurrent sale to Joaquin Sangabol in whose favor TCT No. NT-166271 was issued.

On August 1, 1979, Joaquin Sangabol sold an undivided portion of three (3) hectares of the property described as Lot 1341 in TCT No. NT-166271 to Fortunato Para for and in consideration of the sum of Three Thousand Five Hundred Pesos (3,500.00)

The following day, he sold the property described as Lot 1342 in TCT No. NT-166271 to Virginia P. Jimenez for and in consideration of the sum of One Thousand Five Hundred Pesos (P1,500.00) in whose favor TCT No. N-166287 was issued.

On May 12, 1980, the adverse claim of Francisca Perez, et al. annotated at the back of the OCT was cancelled by the Register of Deeds of Nueva Ecija (Exhibit G).

On January 16, 1981, Joaquin Sangabol subdivided the property described as Lot 1341 in TCT No. NT-166271 into three lots designated as Lot Nos. 1341-A, 1341-B, and 1341-C of plan Psd-299875 duly approved by the Land Registration Commission.

TCT No. NT-166271 was cancelled and TCT No. NT-168972 covering Lot No. 1341-A was issued to spouses Fortunato Para and Araceli Sena. TCT Nos. NT-168973 and NT-168974 covering Lot Nos. 1341-B and 1341-C were issued in favor of Joaquin Sangabol.

On June 15, 1982, Virginia P. Jimenez sold the property covered by TCT No. NT-166287 in favor of spouses Blandino and Josefina A. Salva Cruz for Eleven Thousand Five Hundred Pesos (P11,500.00) where TCT No. 174634 was issued in favor of said spouses. On June 17, 1982, Josefina A. Salva Cruz effected the subdivision of the property into thirteen (13) lots designated as Lot Nos. 1342-A to 1342-M as per subdivision plan Psd-03-004756 thereby canceling TCT No. NT-174634 and TCT Nos. NT- 174635 to 174647 were issued in lieu thereof.

On November 2, 1982, Fortunato Para, through his attorney-in-fact Gloria Bergonia, mortgaged the property covered by TCT No. NT-168972 in favor of the Perpetual Finance and Investment, Inc. in the amount of One Hundred Twenty Five Thousand Pesos (P125,000.00). The mortgage was foreclosed and the property was sold at public auction. Thereafter, the corresponding certificate of sale was executed in favor of Perpetual Finance and Credit, Inc.

On March 3, 1983, the properties covered by TCT Nos. NT-174643 and NT- 174644 were mortgaged with the Rural Bank of Gapan for Forty Thousand Pesos (P40,000.00). On February 25, 1985, the mortgage was likewise foreclosed and the properties were sold at public auction in favor of the said bank.

On December 16, 1986, Joaquin Sangabol sold the property covered by TCT No. NT-168974 to Eduardo R. Dee for and in consideration of the sum of One Hundred Twenty [Thousand] Pesos (P120,000.00). Subsequently, TCT No. NT-168974 was cancelled and TCT No. 196579 was issued in the name of Eduardo R. Dee.

On January 5, 1988, the heirs of Ruperto Perez (oldest son of Eusebio), now represented by Sabina P. Hernandez, filed a supplemental protest alleging that:

a) Lot Nos. 1341 and 1342, Cad 269 of the Sta. Rosa Cadastre have been exclusively occupied and cultivated by them and their immediate predecessors-in-interest who have introduced permanent improvements thereon consisting of irrigated ricelands, mango trees, bamboo groves and other crops;

- b) Gregorio Agunoy, Sr. never occupied and cultivated said parcels of land in the manner and for the period required by law;
- c) Said parcels of land are identical to Lots 1, 3 and a portion of 87,674 square meters of Lot 4 of the amended plan-47200 Amd. as shown by the relocation survey conducted by Geodetic Engineer Deogracias L. Javier on July 29, 1977;
- d) The patent and title issued to Gregorio Agunoy, Sr. were obtained through fraud and misrepresentation. (Records pp. 9-10)

The Bureau of Lands conducted anew an investigation and ocular inspection of Lot 1342, Cad. 269 of Sta. Rosa Cadastre, Nueva Ecija, and came out with the following findings, to wit:

- a) Lot 1342, Cad. 269 of Sta Rosa Cadastre, Nueva Ecija is located at Barangay Imbunia (formerly Marawa), Municipality of Jaen, Nueva Ecija;
- b) Said lot was originally registered in the Office of the Register of Deeds of Cabanatuan City on May 23, 1914 under OCT No. 125 issued in the name of Valeriano Espiritu, pursuant to Decree No. 15733 issued on May 20, 1914 in Land Registration Case No. 9552;
- c) On May 13, 1952, said property was conveyed in favor of Isaias Carlos under TCT No. 11554 and the latter conveyed the same in favor of the spouses Santiago Mateo and Leogarda Juliano;
- d) TCT No. 11554 was cancelled and in lieu thereof, TCT No. 17471 was issued in the name of Santiago Mateo. (Records, pp. 13;78)

On May 10, 1988, the Chief of the Legal Division recommended to the Director of Lands that court action be instituted for the cancellation of Free Patent No. 314450 and its corresponding Original Certificate of Title No. P-4522 in the name Gregorio Agunoy, Sr., as well as other subsequent transfer certificates of title issued therefrom based on the foregoing findings (Underscoring supplied).

It was against the foregoing backdrop of events when, on May 24, 1990, in the Regional Trial Court at Gapan, Nueva Ecija petitioner Republic of the Philippines, thru the Office of the Solicitor General, filed the complaint^[4] in this case against several defendants, among whom are the herein respondents Gregorio Agunoy, Sr., his children, the spouses Eduardo Dee and Arcelita Marquez-Dee and the Rural Bank of Gapan, Nueva Ecija. In its complaint, docketed as Civil Case No. 831-AF, petitioner Republic alleged, inter alia, as follows:

“30. Free Patent No. 314450 and its corresponding Original Certificate of Title No. P-4522 were procured by defendant Gregorio Agunoy, Sr., through fraud, deceit and misrepresentation since the property in question (Lots 1341 and 1342) at the time the patent and the title were issued was already adjudicated as private property of the heirs of Eusebio Perez and Valeriano Espiritu, respectively. Consequently, the then Bureau of Lands, now Lands Management Bureau, no longer had any jurisdiction and control over the same. xxx xxx.

31. The fraudulent acts and misrepresentation of defendant Gregorio Agunoy, Sr. had misled the then Bureau of Lands in issuing said patent. Since the property in question was no longer a disposable public land, Free Patent No. 314450 and its corresponding Original Certificate of Title No. P-4522 issued to defendant Gregorio Agunoy, Sr. are null and void and should be cancelled. Moreover, Gregorio Agunoy, Sr. has not occupied and cultivated the land in the manner and for the length of time required by law (C.A. 141 as amended; see also RA 782) (Emphasis supplied),

and accordingly prayed for a judgment -

- Declaring Free Patent No. 314450 and the corresponding Original Certificate of Title No. P-4522 in the name of Gregorio Agunoy, as well as all other subsequent transfer certificates of title emanating therefrom, i.e., Transfer

Certificates of Title Nos. NT-168972, NT-168973, NT-196579, NT-174635 to NT-174647 (inclusive), including all liens and encumbrances annotated thereon, null and void;

- Ordering defendants to surrender their owner's duplicate copies of all subsequent transfer certificates of title emanating from Original Certificate of Title No. P-4522 to the Register of Deeds of Nueva Ecija;
- Directing the Register of Deeds of Nueva Ecija to cancel the aforesaid certificates of title;
- Ordering defendants and all those claiming under them to desist from exercising or representing acts of ownership and/or possession in the premises (Underscoring supplied).

xxx xxx xxx

Eventually, in a decision dated September 9, 1996,[5] the trial court rendered judgment for the Republic, thus:

PREMISES CONSIDERED, judgment is hereby rendered in favor of the plaintiff and against the defendants as follows:

- Declaring as null and void Free Patent No. 314450 and the corresponding Original Certificate of Title No. P-4522 in the name of Gregorio Agunoy, as well as all other subsequent transfer certificates of titles emanating therefrom (TCT Nos. NT-166270, NT-166271, NT- 168972, NT-168973, NT-168974, NT-166287 and NT-174634 to NT-174647, inclusive, of the Registry of Deeds of Nueva Ecija) including all liens and encumbrances annotated thereon;

- Ordering defendants to surrender their owner's duplicate copies of all the said subsequent transfer certificates of titles emanating from Original Certificate of Title No. P-4522 to the Register of Deeds of Nueva Ecija, and ordering the Register of Deeds to cancel the aforesaid certificates of titles;

- Ordering reversion of the pieces of land embraced in Free Patent No. 314450 and OCT No. P-4522 of the Registry of Deeds of Nueva Ecija, to the mass of public domain except the pieces of land which were already the subject of land registration proceedings;

- Ordering that henceforth the defendants and all those claiming under them to desist from disturbing the ownership of the government over the said pieces of land, and

- To pay costs of suits.

For lack of evidence, the third-party complaint filed by the Rural Bank of Gapan, Inc. against defendants-Spouses Blandino Salva Cruz and Josefina Salva Cruz is hereby dismissed without pronouncement as to costs.

SO ORDERED (Underscoring supplied).

Therefrom, the spouses Eduardo Dee and Arcelita Marquez-Dee and the Rural Bank of Gapan, Nueva Ecija went to the Court of Appeals, whereat their recourse was docketed as CA-G.R. CV No. 55732.

As earlier stated herein, the appellate court, in a decision dated September 26, 2002,[6] reversed and set aside the appealed decision of the trial court, to wit:

WHEREFORE, premises considered, the appeal is GRANTED and the decision of the trial court is REVERSED and SET ASIDE. A new judgment is hereby rendered to read as follows:

- Defendant Gregorio Agunoy, Sr. is declared to have validly and properly acquired Free Patent No. 314450 and the corresponding Original Certificate of Title No. P-4522 over Lot Nos. 1341 and 1342, Cad 269, Sta. Rosa Cadastre, Nueva Ecija; and

- The title over the portion of Lot No. 1342, now covered by TCT No. 196579 in the name of defendants-appellants Spouses Dee is likewise declared valid for having acquired in good faith and for value.

SO ORDERED.

Hence, this recourse by the petitioner, submitting for our resolution the following issues[7]:

“I.

WHETHER OR NOT THE COURT OF APPEALS ERRED IN DECLARING THAT PETITIONER IS NOT THE REAL PARTY-IN-INTEREST IN THIS CASE AND THAT GREGORIO AGUNOY, SR. HAD VALIDLY ACQUIRED FREE PATENT NO. 314450 AND ORIGINAL CERTIFICATE OF TITLE NO. P-4522 OVER LOT NOS. 1341 AND 1342, CAD. 269, STA. ROSA CADASTRE, NUEVA ECIJA.

II.

WHETHER OR NOT THE COURT OF APPEALS ERRED IN DECLARING THAT THE TITLE OVER THE PORTION OF LOT NO. 1342, NOW COVERED BY TCT NO. 196579 IN THE NAMES OF RESPONDENTS SPOUSES EDUARDO DEE AND ARCELITA MARQUEZ IS VALID FOR HAVING BEEN ACQUIRED IN GOOD FAITH AND FOR VALUE”.

We DENY.

To begin with, we agree with the Court of Appeals that petitioner Republic is not the real party-in-interest in this case.

Basic it is in the law of procedure that every action must be prosecuted or defended in the name of the real party-in-interest, meaning “the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit”,^[8] a procedural rule reechoed in a long line of cases decided by this Court. For sure, not too long ago, in *Shipside, Inc. vs. Court of Appeals*,^[9] citing earlier cases, we wrote:

xxx. Consequently, the Republic is not a real party in interest and it may not institute the instant action. Nor may it raise the defense of imprescriptibility, the same being applicable only in cases where the government is a party in interest. Under Section 2 of Rule 3 of the 1997 Rules of Civil Procedure, “every action must be prosecuted or defended in the name of the real party in interest.” To qualify a person to be a real party in interest in whose name an action must be prosecuted, he must appear to be the present real owner of the right sought to enforced (*Pioneer Insurance v. CA*, 175 SCRA 668 [1989]). A real party in interest is the party who stands to be benefited or injured by the judgment in the suit, or the party entitled to the avails of the suit. And by real interest is meant a present substantial interest, as distinguished from a mere expectancy, or a future, contingent, subordinate or consequential interest.

The very complaint in this case, *supra*, filed by petitioner Republic before the trial court unmistakably alleges that at the time Free Patent No. 31445 and its corresponding Original Certificate of Title No. P-45222 were issued to Gregorio Agunoy, Sr., “the property in question (Lots 1341 and 1342) xxx was already adjudicated as private property of the heirs of Eusebio Perez and Valeriano Espiritu”, and that at that time, “the property in question was no longer a disposable public land”. In fact, in paragraph 27(f) of the same complaint, petitioner further alleged:

f) Furthermore, it was found that prior to the issuance of Free Patent No. 314450 on January 18, 1967, Lot 1341 of Sta. Rosa Cadastre, Nueva Ecija, which was one of the two (2) parcels of land applied for by Gregorio Agunoy, Sr., was already the subject of an application for registration filed by the heirs of Eusebio Perez in 1958 before the Court of First Instance of Nueva Ecija, docketed as LRC Case No. 430, LRC Record No. 14876, and wherein a Decision was promulgated on October 24, 1960 adjudicating Lots 1 and 2 of Plan Psu-47200 as private properties of said heirs-claimants. The aforesaid Decision was already final and executory at the time the patent was issued to defendant Gregorio Agunoy, Sr". (Except for the underscoring on "as private properties", the rest are of the petitioner itself).

With the very admissions by the petitioner itself in its basic pleading that Lots No. 1341 and 1342 are already private properties of the heirs of Eusebio Perez and Valeriano Espiritu, and are, therefore, "no longer disposable public land" over which the then Bureau of Lands, now Lands Management Bureau, "no longer had any jurisdiction and control", we are simply at a loss to understand how petitioner Republic can still profess to be the real party-in-interest in this case, and insists that the disputed properties are still part of the public domain. If ever, the real party-in-interest could be none other than the heirs of Eusebio Perez and Valeriano Espiritu, but certainly not the petitioner.

Then, too, it is striking to note that even as the complaint is basically one for reversion of private property to the mass of public domain, petitioner did not implead either the heirs of Eusebio Perez or that of Valeriano Espiritu. Without doubt, if our decision hereon were to be in favor of petitioner, the real beneficiary thereof is not the State. And because, as no less admitted by the petitioner, the lands subject of this case are no longer part of the public domain, the nullification of Agunoy's Free Patent P-314450 and OCT No. P-4522 would not result in the reversion of the lands subject thereof to the mass of public land. And the government, not being the real party-in-interest, is without personality to institute reversion proceedings. So it is that in an earlier case,[10] we had an occasion to say:

There is no merit in petitioners' contention that only the State may bring an action for reconveyance of the lots in dispute. To reiterate, Lot 2344 is a private property in open, continuous, exclusive and notorious possession of the Santiago family. The nullification of its free patent and title would not therefore result in its reversion to the public domain. Hence, the State, represented by the Solicitor General, is not the real party in interest.

We could have, at this point, already written finis to this decision. Nonetheless, for the peace of mind of those concerned, we have opted to address the second issue raised in the petition: whether the appellate court erred in declaring as valid for having been acquired for value and in good faith the title over the portion of Lot No. 1342, covered by TCT No. 196579 in the name of the respondent spouses Eduardo Dee and Arcelita Marquez-Dee.

After sleeping for an unreasonably long period of time lasting for decades, the heirs of Eusebio Perez can longer defeat the better right arising from the Torrens titles in the names of the present transferees of the properties, unless and until anyone succeeds in overcoming the presumption of good faith in securing their respective titles.

For one, even granting as true the petitioner's allegation of a prior cadastral case - LRC Case No. 430, LRC Rec. No. 148 - involving a portion of the lots subject of Agunoy's Free Patent, wherein a decision was allegedly promulgated on October 24, 1960 in favor of the heirs of Eusebio Perez, which decision, according to petitioner, was already final and executory, we are greatly bothered by the fact that none of the heirs of Eusebio Perez could show having exerted due diligence towards at least attempting to accomplish the registration of the properties involved in the said cadastral case, which properties, according to petitioner and the Perezes, are identical to Lot Nos. 1341 and 1342. Verily, were we to believe the allegations of the heirs of Eusebio Perez in their own protest with the Bureau of Lands dated July 30, 1975,[11] there is an express order for registration in LRC Case No. 430, as follows:

“WHEREFORE, decision is hereby rendered affirming the order of general default heretofore entered and ordering the registration of Lots Nos. 1 and 2 of Plan Psu-47200, situated in the Barrio of Marawa, Municipality of Jaen, Nueva Ecija, containing a total area of 21.9284 hectares in the following manner:

xxx xxx xxx

From as early as October 24, 1960, when the aforequoted decision in LRC Case No. 430 was promulgated, to as late as February 6, 1967, when OCT No. P-4522 of Gregorio Agunoy, Sr. was issued, or a slumber lasting for more than six (6) years, the heirs of Eusebio Perez had numerous opportunities to cause the implementation of the said registration order. Inexplicably, they let this chance passed by. *Vigilantibus, sed non dormientibus, jura subveniunt*, the law aids the vigilant, not those who sleep on their rights.[12] And speaking of rights, one may not sleep on a right while expecting to preserve it in its pristine purity.[13]

For another, Jose Mendigoria, Public Lands Inspector and Investigator of the Bureau of Lands, made the following remarks in his certification dated February 28, 1966:[14]

10. Remarks: Attached hereto is the certification of the Clerk of Court and the Register of Deeds, Cabanatuan City for ready references in connection with the speedy issuance of patent in favor of the applicant.

It is informed in this connection that the survey claimants of these Lots, 1341 for Eusebio Perez and 1342 for Valenciano Espiritu could not be located in the locality. The lots were already abandoned by them so that in the year 1941, the present applicant took possession of the land thru his tenants.

Countering the foregoing certification, petitioner Republic claims that a more recent verification survey conducted on February 15, 1988 by Geodetic Engineer Melencio Mangahas, also of the Bureau of Lands, reveals an anomaly in the issuance of Agunoy, Sr.’s Free Patent No. 314450. Again, we quote from petitioner’s complaint, particularly paragraph 27 (c) thereof, to wit:

c) The results of the verification survey conducted by Geodetic Engineer Melencio Mangahas of the Bureau of Lands on February 15, 1988 on the premises confirmed the earlier findings of said Office that Lot 1341 Cad. 269 of Sta. Rosa Cadastre, Nueva Ecija, covered by Free Patent No. 314450 and OCT No. P-4522 in the name of Gregorio Agunoy, Sr., is identical to Lots 1, 3 and a portion of 87,674 square meters of Lot 4 of the amended Plan Psu-47200 which was surveyed and approved on January 21, 1966 in the name of Eusebio Perez. It was verified likewise that Lot 1341 is within Barrio Marawa, Jaen, Nueva Ecija.

As between the February 28, 1966 certification of Jose Mendigoria, *supra*, which led to the issuance of Agunoy’s OCT No. P-4522 and numerous derivative titles descending therefrom, and the February 15, 1988 verification survey of Geodetic Engineer Melencio Mangahas, cited in the aforequoted paragraph of petitioner’s complaint, which led to nothing, suffice it to quote herein what this Court has said in *PEZA vs. Fernandez*:[15]

xxx. Indeed, the inevitable consequences of the Torrens system of land registration must be upheld in order to give stability to it and provide finality to land disputes,

and in *Heirs of Brusas vs. Court of Appeals*:[16]

The real purpose of the Torrens System of land registration is to quiet title to land and stop forever any question as to its legality. Once a title is registered the owner may rest secure without the necessity of waiting in the portals of the court, or sitting on the *mirador de su casa*, to avoid the possibility of losing his land. Indeed, titles over lands under the Torrens system should be given stability for on it greatly depends the stability of the country's economy. *Interest reipublicae ut sit finis litium*.

If at all, the discrepancy in the two (2) separate survey reports of Mendigoria and Mangahas can only be imputable to either the past or more recent officials of the Bureau of Lands.

Of course, we are well aware of the rule reiterated in *Republic vs. Court of Appeals and Santos*,^[17] that, generally, the State cannot be put in estoppel by the mistakes or errors of its officials or agents. In that very case, however, citing 31 CJS 675-676, we went further by saying -

“xxx. 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 xxx, the doctrine of equitable estoppel may be invoked against public authorities as well as against private individuals”

In any event, the verification survey conducted by Geodetic Engineer Melencio Mangahas on February 15, 1988 came almost twenty-two (22) years after the February 28, 1966 certification of Jose Mendigoria; more than twenty-one (21) years after the issuance of Agunoy Sr.’s Free Patent No. 314450 on January 18, 1967 and its registration as Original Certificate of Title No. P-4522 on February 6, 1967; and more than eight (8) years reckoned from July 31, 1979 when, upon the death of the wife of Gregorio Agunoy, Sr., the heirs executed a Deed of Extrajudicial Partition with Sale in favor of Joaquin Sangabol. In the meanwhile, for about half a decade thereafter, ownership over the properties transferred from one buyer to another, with each and every transferee enjoying the presumption of good faith. If only on this score alone that the present petition must fall.

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*,^[18] as well as in those other cases^[19] 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.

Here, it bears stressing that, by petitioner’s own judicial admission, the lots in dispute are no longer part of the public domain, and there are numerous third, fourth, fifth and more parties holding Torrens titles in their favor and enjoying the presumption of good faith. This brings to mind what we have reechoed in *Pino vs. Court of Appeals*^[20] and the cases^[21] therein cited:

[E]ven on the supposition that the sale was void, the general rule that the direct result of a previous illegal contract cannot be valid (on the theory that the spring cannot rise higher than its source) cannot apply here for We are confronted with the functionings of the Torrens System of Registration. The doctrine to follow is simple enough: a fraudulent or forged document of sale may become the ROOT of a valid title if the certificate of title has already been transferred from the name of the true owner to the name of the forger or the name indicated by the forger.

It is even worse in this case because here, there is no forger to speak of. The remark of Land Inspector Jose Mendigoria about the abandonment by Eusebio Perez and Valenciano Espiritu cannot, by itself, be fraudulent. And, for all we know, that remark may even turn out to be the truth. What petitioner perceives as fraud may be nothing more than the differences of professional opinions between Land Inspector Jose Mendigoria and Geodetic Engineer Melencio Mangahas. But regardless of who between the two is correct, the hard reality is that the properties in question are no longer floating objects on a spring that cannot rise higher than its source, as they are now very much ashore and firmly standing on the high solid ground of the Torrens system of land registration.

WHEREFORE, the assailed decision of the Court of Appeals is hereby AFFIRMED and this petition DENIED.

SO ORDERED.

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

[1] Acot, et al. v. Kempis, et al., 55 OG No. 16, p. 2907 [1959]; Director of Lands v. Abanilla, et al., 124 SCRA 358 [1983]; Republic v. CA and Del Mundo, 183 SCRA 620 [1990].

[2] Cruz v. Court of Appeals, 281 SCRA 491 [1997]; Republic v. Court of Appeals, 306 SCRA 81 [1999].

[3] Penned by Associate Justice Eliezer R. de los Santos and concurred in by Associate Justices Roberto A. Barrios and Danilo B. Pine of the 15th Division.

[4] Rollo, pp. 65-79.

[5] Rollo, pp. 81-101.

[6] Rollo, pp. 39-48.

[7] Petitioner's Memorandum, p. 14; Rollo, pp. 171-197.

[8] Section 2, Rule 3, 1997 Rules of Civil Procedure.

[9] 352 SCRA 334 [2001].

[10] Heirs of Simplicio Santiago v. Heirs of Mariano Santiago, 404 SCRA 193 [2003].

[11] Rollo, pp. 56-57.

[12] Soliva v. Villaba, 417 SCRA 277 [2003].

[13] Alonso v. Cebu Country Club, 417 SCRA 115 [2003].

[14] Exh. "D"; Annex "C", Petition; Rollo, pp. 51.52.

[15] 358 SCRA 489, 500 [2001].

[16] 313 SCRA 176, 183 [1999].

[17] 301 SCRA 366 [1999].

[18] Acot, et al. v. Kempis, et al., supra, note 1; Republic v. Animas, 56 SCRA 499 [1974].

[19] Republic v. CA and Del Mundo, supra, note, 1; Director of Lands v. Abanilla, et al., supra, note 1.

[20] 198 SCRA 434, 445 [1991].

[21] Duran v. IAC, 138 SCRA 489, 494 [1985] reiterated in Philippine National Bank v. Court of Appeals, 187 SCRA 735, 741 [1990].

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