MELCHOR CARO, PETITIONER, VS. SUSANA SUCALDITO, RESPONDENT.

G.R. NO. 157536. May 16, 2005

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

This is a petition for review on certiorari under Rule 45 of the Rules of Court, assailing the Decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 45503, affirming the dismissal of Civil Case No. 15529 by the Regional Trial Court (RTC) of Iloilo City, Branch 39, as well as the resolution denying the motion for reconsideration thereof.

The antecedent facts are as follows:

Gregorio Caro bought a parcel of land known as Assessor's Lot No. 160 from Ruperto Gepilano as evidenced by a Deed of Sale[2] dated October 21, 1953. The said lot was situated in Sitio Bangyan, Barrio Calaya, Municipality of Nueva Valencia, Iloilo City, consisting more or less of 17.9849 hectares. Thereafter, Gregorio Caro sold a portion of the said lot to his son Melchor Caro, consisting of 70,124 square meters, and now identified as Lot No. 4512 of the Cadastral survey of Nueva Valencia, Pls-775. Father and son executed a Deed of Definite Sale[3] dated January 31, 1973 covering Lot No. 4512.

On August 1, 1974, Melchor Caro applied for a free patent before the Bureau of Lands, District Land Office No. 6-1, covering the said area of the property which he bought from his father. The application was, however, opposed by Deogracias de la Cruz. On November 6, 1980, the Regional Director rendered a Decision[4] canceling the said application, thusly:

> This is a claim of Deogracias de la Cruz to Lot No. 4512, Pls-775 of Calaya, Nueva Valencia, Guimaras, covered by the above-noted application of Melchor Caro.
>
> In the investigation, respondent claims preferential rights over the land as he acquired it through sale from his father Gregorio Caro who had likewise bought the land from Ruperto Cepellano (sic) in 1953. On the other hand, protestant De la Cruz testified that the land in controversy was bought by him from Cipriano Gallego in 1965; that he thereafter occupied, possessed and improved the land by planting coconut trees; and that in 1968 he was forcibly driven out by Gregorio Caro from the land in question.
>
> Verification of the records disclosed that the land which was actually sold to Gregorio Caro by Ruperto Gepellano (sic) is Assessor's Lot No. 160. The description and physical identity of Lot No. 160 is basically different and distinct from Lot No. 4512, the land in question. This could be clearly seen in the Certified True Copy of the Sketch Plan from the Assessor's Office of Assessor's Lot No. 160 and the Sketch Plan marked as Exhibit 9 of the Respondent-Applicant. It has been established that Assessor's Lot No. 160 corresponds to Lot No. 4511 and not Lot No. 4512 claimed by the protestant. Moreover, Ruperto Cepellano (sic) in his affidavit testified that what he sold to Gregorio Caro is a land distinct and different from the land in question.
>
> IN VIEW OF THE FOREGOING FINDINGS, it is ordered that the F.P.A. No. (VI-1)8548 of

> applicant-respondent Melchor Caro be, as hereby it is, cancelled. Protestant Deogracias de la Cruz if qualified, is given one hundred twenty (120) days from the finality of this decision to file an appropriate public land application otherwise he shall lose his preferential right thereto.
>
> SO ORDERED.[5]

Caro filed a notice of appeal before the Regional Land Office in Iloilo City, docketed as MNR Case No. 5207. However, the appeal was dismissed in an Order[6] dated June 29, 1982, on the ground of failure to file an appeal memorandum within the reglementary period therefor.

On August 29, 1982, Susana R. Sucaldito, as the buyer of Lot No. 4512, filed an Application for a Free Patent[7] covering the said lot, and was issued Free Patent No. 597599. Consequently, the Register of Deeds of Iloilo City issued Original Certificate of Title (OCT) No. F-27162 in her favor. Sucaldito then filed a Petition for Writ of Possession[8] before the RTC of Iloilo City, which was granted in an Order[9] dated May 7, 1984.

Thereafter, on February 20, 1984, Caro filed a Complaint[10] against Sucaldito for "Annulment of Title, Decision, Free Patent and/or Recovery of Ownership and/or Possession with Damages" before the RTC of Iloilo City. He later filed an amended complaint,[11] alleging that he was the owner of the subject lot, and had been in possession of the same "since 1953 and/or even prior thereto in the concept of owner, adversely, openly, continuously and notoriously." He further alleged that the said lot had been declared for tax purposes in his name and that of his predecessors-in-interest, and that the corresponding land taxes had been paid therefor. He claimed that Assessor's Lot No. 160 had actually been divided into two lots, namely, Lot No. 4511 and Lot No. 4512; Sucaldito had actually been claiming Lot No. 989 (Lot No. 4512), which was located two kilometers away. He lamented that despite the overwhelming evidence proving his ownership and possession of the said property, the Bureau of Lands did not award it to him.

Caro further alleged that since the issuance of the free patent over the subject lot in favor of Sucaldito was wrongful and fraudulent, she had no right whatsoever over the subject lot. Hence, as a "trustee of a constructive trust," she was obliged to return the same to him as the lawful owner. The complaint contained the following prayer:

> WHEREFORE, it is prayed that judgment be rendered:
>
> - Ordering the annulment and voiding of the decision of the Bureau of Lands, the free patent and the Original Certificate of Title No. F-27162 or in the alternative;
>
> - Ordering defendant to reconvey the ownership and in the event she wrests possession from plaintiff then, also the possession of Lot 4512 PLS-775 of Nueva Valencia, Guimaras Cadastre, back to plaintiff;
>
> - Declaring plaintiff as the lawful owner and possessor of Lot 4512 PLS-775 of Nueva Valencia, Guimaras Cadastre and ordering the issuance of a free patent or a torrens title in favor of plaintiff;
>
> - Ordering defendant to pay the plaintiff P50,000.00 as moral damages, P2,000.00 as attorney's fees and P2,000.00 as expenses on litigation plus exemplary damages in an amount at the discretion of this Court.
>
> Plaintiff further prays for such other relief just and equitable in the premises.[12]

In her answer with counterclaim, Sucaldito interposed, as a special affirmative defense, the fact that she intervened in the proceedings on Caro's application for a free patent over Lot No. 4512 before the Bureau of Lands having bought the subject land from De la Cruz. Moreover, contrary to the allegations of the petitioner, Lot No. 989 and Lot No. 4512 were one and the same lot, as per the findings of the Bureau of Lands.

The parties thereafter presented evidence to prove their respective claims. In a Decision[13] dated December 7,

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1993, the trial court ruled in favor of the respondent and dismissed the petitioner's complaint. The dispositive portion reads:

> WHEREFORE, premises considered, the complaint filed by plaintiff is dismissed. The counterclaim of defendant which is merely the result of the filing of the complaint, is likewise dismissed.
>
> Costs against the plaintiff.
>
> SO ORDERED.[14]

Citing the case of Maximo v. Court of First Instance of Capiz, Br. III,[15] the trial court ruled that Caro had no personality to file the action for the annulment of the free patent issued in favor of Sucaldito, which could only be brought by the Solicitor General. It held that "an applicant for a free patent who is not the owner of a parcel of land cannot bring an action in court to recover the land, for the court may not usurp the authority of the Director of Lands and the Secretary of Agriculture to dispose lands of the public domain through administrative proceedings under the Public Land Act,"[16] or Commonwealth Act No. 141, as amended. The trial court further stressed that the remedy of a rival-applicant for a free patent over the same land was through administrative channels, not judicial, because even if the oppositor succeeds in annulling the title of the applicant, the former does not thereby become the owner of the land in dispute.[17]

The trial court also declared that contrary to Caro's claims, the evidence clearly showed that Lot No. 4512, with an area of 70,677 square meters, was not included in Assessor's Lot No. 160, thus:

> Assessor's Lot 160 is Cadastral Lot 4511, which has an original area of around 17 hectares, more or less, later on, increased to 21 hectares. If we add Lot 4512 to Lot 4511 following the contention of the plaintiff, then the area would be more than 28 hectares. Thus, belying the claim of plaintiff that Lot 4512 was formerly a part of Assessor's Lot 160.
>
> The contention of the plaintiff that the defendant is claiming Lot 989 which is owned by Felix Galabo and located at Brgy. Olacon, is not well taken, because the identification of the lot as stated in the tax declaration is not binding and conclusive. What is binding and conclusive is what is stated in the title of the land and its technical description. In the technical description as found in the title of the defendant [Sucaldito], it is clearly stated therein that the lot is Lot 4512 and is located at Brgy. Calaya and not Brgy. Olacon, Nueva Valencia, Guimaras.[18]

Aggrieved by the trial court's ruling, Caro elevated the case to the CA on the following grounds:

> I
>
> THE COURT A QUO ERRED IN RULING THAT PLAINTIFF HAS NO PERSONALITY TO BRING THE ACTION;
>
> II
>
> THE COURT A QUO ERRED IN RULING THAT EVEN IF THE PLANTIFF HAS THE PERSONALITY TO BRING THE ACTION STILL HE CANNOT RECOVER THE LOT IN QUESTION, CAD. LOT NO. 4512;
>
> III
>
> THE COURT ERRED IN NOT ORDERING THE DEFENDANT TO RECONVEY THE LAND IN QUESTION TO PLAINTIFF AND TO PAY DAMAGES.[19]

The CA dismissed the petition in its Decision[20] dated July 31, 2002. The appellate court agreed with the ruling

of the RTC that the petitioner had no personality to file the action under Section 101 of Commonwealth Act No. 141, considering further that he was a mere applicant for a free patent. Citing several cases,[21] the appellate court ruled that the findings of fact made by administrative agencies which are supported by substantial evidence must be respected, particularly where the question demands the exercise of sound administrative discretion requiring special knowledge and experience.[22]

Caro filed a motion for reconsideration of the said decision, which the appellate court denied in a Resolution[23] dated February 7, 2003.

Caro, now the petitioner, assails the ruling of the appellate court on the following grounds:

> THAT THE HONORABLE APPELLATE COURT COMMITTED AN ERROR IN HOLDING THAT PETITIONER HAS NO LEGAL PERSONALITY TO FILE THIS ACTION;
>
> THAT THE HONORABLE APPELLATE COURT ERRED IN DISMISSING THE APPEAL INTERPOSED BY PETITIONER ON THE GROUND THAT ONLY THE SOLICITOR GENERAL CAN FILE AN ACTION FOR RECONVEYANCE OF PROPERTY ACQUIRED BY PATENT.[24]

The petitioner insists that contrary to the ruling of the CA, he has the legal personality to bring and institute the present action against the respondent, considering that title issued on the basis of a patent is annullable on the ground of fraud. Furthermore, the one-year period within which to file an action to cancel a torrens title under Section 32 of Presidential Decree No. 1529 does not apply where the registered owner, or the successor-in-interest, knew that the property described in the title actually belongs to another, as in this case. The petitioner cites Vital v. Anore, et al.[25] to bolster his claim. The petitioner also cites Director of Lands v. Abanilla[26] where the Court stressed that any false statement in the application, which is an essential condition of the patent or title under Section 91 of Commonwealth Act No. 141, "shall ipso facto produce the cancellation of the concession, title or permit granted."

In her comment, the respondent points out that the decision of the Bureau of Lands itself would show that the petitioner is not the true and lawful owner of the subject lot; as such, the argument that he has the legal personality to file the action for annulment of patent based on constructive trust is untenable. The respondent further contends that the CA did not err in upholding the ruling of the RTC.

The petitioner merely reiterated his previous arguments in his Reply dated December 30, 2003.

The Court agrees with the ruling of the RTC and the CA, and holds that the petitioner has no personality to file a suit for reconveyance of the subject property.

The Court notes that the petitioner's complaint before the RTC prays for the annulment of the free patent issued in the respondent's favor. Considering that the ultimate relief sought is for the respondent to "return" the subject property to him, it is in reality an action for reconveyance. In De Guzman v. Court of Appeals,[27] the Court held that "[t]he essence of an action for reconveyance is that the decree of registration is respected as incontrovertible but what is sought instead is the transfer of the property which has been wrongfully or erroneously registered in another person's name, to its rightful owner or to one with a better right."[28] Indeed, in an action for reconveyance filed by a private individual, the property does not go back to the State.[29]

Reversion, on the other hand, is an action where the ultimate relief sought is to revert the land back to the government under the Regalian doctrine. Considering that the land subject of the action originated from a grant by the government, its cancellation is a matter between the grantor and the grantee.[30]

Under Section 2, Rule 3 of the Rules of Court,[31] every action must be prosecuted or defended in the name of

the real party-in-interest, or one "who stands to be benefited or injured by the judgment in the suit." Corollarily, legal standing has been defined as a personal and substantial interest in the case, such that the party has sustained or will sustain direct injury as a result of the challenged act. Interest means a material interest in issue that is affected by the questioned act or instrument, as distinguished from a mere incidental interest in the question involved.[32]

Clearly then, a suit filed by one who is not a party-in-interest must be dismissed. In this case, the petitioner, not being the owner of the disputed property but a mere applicant for a free patent, cannot thus be considered as a party-in-interest with personality to file an action for reconveyance. The Court, citing several of its holdings, expounded on this doctrine in Tankiko v. Cezar[33] as follows:

> ... Thus, in Lucas v. Durian [102 Phil. 1157 (1957)], the Court affirmed the dismissal of a Complaint filed by a party who alleged that the patent was obtained by fraudulent means and, consequently, prayed for the annulment of said patent and the cancellation of a certificate of title. The Court declared that the proper party to bring the action was the government, to which the property would revert. Likewise affirming the dismissal of a Complaint for failure to state a cause of action, the Court in Nebrada v. Heirs of Alivio [104 Phil. 126 (1958)] noted that the plaintiff, being a mere homestead applicant, was not the real party-in-interest to institute an action for reconveyance. ...
>
> ...
>
> Verily, the Court stressed that " ... [i]f the suit is not brought in the name of or against the real party-in-interest, a motion to dismiss may be filed on the ground that the complaint states no cause of action [Travel Wide v. CA, 199 SCRA 205, 209 (1991), per Cruz, J. See also Suguister v. Tamayo, 176 SCRA 579, August 21, 1989]. In fact, a final judgment may be invalidated if the real parties-in-interest are not included. This was underscored by the Court in Arcelona v. CA [280 SCRA 20, October 2, 1997], in which a final judgment was nullified because indispensable parties were not impleaded.
>
> In the present dispute, only the State can file a suit for reconveyance of a public land. Therefore, not being the owners of the land but mere applicants for sales patents thereon, respondents have no personality to file the suit. Neither will they be directly affected by the judgment in such suit.[34]

In De la Peña v. Court of Appeals,[35] the Court, in dismissing the petitioner's imputation of fraud in securing a free patent and title over a parcel of land, declared that reconveyance is a remedy granted only to the owner of the property alleged to be erroneously titled in another's name.[36] The Court further expounded:

> Persons who have not obtained title to public lands could not question the titles legally issued by the State [Reyes v. Rodriguez, 62 Phil. 771, 776 (1936)]. In such cases, the real party-in-interest is the Republic of the Philippines to whom the property would revert if it is ever established, after appropriate proceedings, that the free patent issued to the grantee is indeed vulnerable to annulment on the ground that the grantee failed to comply with the conditions imposed by the law. Not being an applicant, much less a grantee, petitioner cannot ask for reconveyance.[37]

In VSC Commercial Enterprises, Inc. v. Court of Appeals,[38] where the private respondents therein were mere lessees of the property in question, the Court ruled that as mere lessees, they had "no present substantial and personal interest with respect to issues involving ownership of the disputed property." The Court went on to declare:

> ... The only interest they have, in the event the petitioner's title over the subject property is cancelled and ownership reverts to the State, is the hope that they become qualified buyers of the subject parcel of land. Undoubtedly, such interest is a mere expectancy. Even the private respondents themselves claim that in case of reversion of ownership to the State, they only have "pre-emptive rights" to buy the subject property; that their

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> real interest over the said property is contingent upon the government's consideration of their application as buyers of the same. It is settled that a suit filed by a person who is not a party-in-interest must be dismissed.[39]

In fact, Section 101 of Commonwealth Act No. 141 states –

> Section 101. All actions for the reversion to the government of lands of the public domain or improvements thereon shall be instituted by the Solicitor General or the officer acting in his stead, in the proper courts, in the name of the Commonwealth [now Republic] of the Philippines.

This provision was applied and discussed in Sumail v. Judge of the Court of First Instance of Cotabato, et al.,[40] a case on all fours with the present one, as follows:

> Under Section 101 of the above reproduced, only the Solicitor General or the officer acting in his stead may bring the action for reversion. Consequently, Sumail may not bring such action or any action which would have the effect of cancelling a free patent and the corresponding certificate of title issued on the basis thereof, with the result that the land covered thereby will again form part of the public domain. Furthermore, there is another reason for withholding legal personality from Sumail. He does not claim the land to be his private property. In fact, by his application for a free patent, he had formally acknowledged and recognized the land to be a part of the public domain; this, aside from the declaration made by the cadastral court that lot 3633 was public land. Consequently, even if the parcel were declared reverted to the public domain, Sumail does not automatically become the owner thereof. He is a mere public land applicant like others who may apply for the same.

To reiterate, the petitioner is not the proper party to file an action for reconveyance that would result in the reversion of the land to the government.[41] The petitioner has no personality to "recover" the property as he has not shown that he is the rightful owner thereof.[42]

WHEREFORE, premises considered, the petition is DENIED for lack of merit. The Decision of the Court of Appeals in CA-G.R. CV No. 45503 and the Resolution dated February 7, 2003 are AFFIRMED.

SO ORDERED.

Puno, (Chairman), Austria-Martinez, Tinga, and Chico-Nazario, JJ., concur.

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[1] Penned by Associate Justice Roberto A. Barrios, with Associate Justices Bienvenido L. Reyes and Edgardo F. Sundiam, concurring.

[2] Records, p. 301.

[3] Id. at 302.

[4] Id. at 432.

[5] Records, p. 432.

[6] Id. at 447-449.

[7] Id. at 452.

[8] Id. at 458-460.

[9] Id. at 461-463.

[10] Records, pp. 1-4.

[11] Id. at 16-20.

[12] Records, p. 20.

[13] Id. at 523-533.

[14] Id. at 533.

[15] G.R. No. 61113, 21 February 1990, 182 SCRA 420.

[16] CA Rollo, p. 32.

[17] Id. at 34.

[18] CA Rollo, pp. 35-36.

[19] Id. at 45.

[20] Id. at 80-87.

[21] Floralde v. Court of Appeals, 337 SCRA 371; Crusaders Broadcasting System, Inc. v. National Telecommunications Commission, 332 SCRA 819; and Ocampo v. Commission on Elections, 325 SCRA 636. (Id. at 86).

[22] IbId.

[23] Rollo, pp. 55-56.

[24] Id. at 26.

[25] 90 Phil. 855 (1952).

[26] G.R. No. L-26324, 31 August 1983, 124 SCRA 358.

[27] 442 Phil. 534 (2002).

[28] Id. at 543. (Citations omitted).

[29] Section 122 of the Land Registration Act; See also Republic of the Philippines v. Heirs of Angeles, 439 Phil. 349 (2002).

[30] De Guzman v. Court of Appeals, supra.

[31] The provision reads in full:

Sec. 2. Parties in interest.– A real party in interest is the party who stands to be benefited or injured by the judgment in the suit. Unless otherwise authorized by law or these Rules, every action must be prosecuted or defended in the name of the real party in interest.

[32] Tichangco v. Enriquez, G.R. No. 150629, 30 June 2004, 433 SCRA 324, citing Velarde v. Social Justice Society, 428 SCRA 283 (2004).

[33] G.R. No. 131277, 2 February 1999, 302 SCRA 559.

[34] Id. at 569-570.

[35] G.R. No. 81827, 28 March 1994, 231 SCRA 456.

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[36] Id. at 461.

[37] Supra.

[38] G.R. No. 121159, 16 December 2002, 394 SCRA 74.

[39] Id. at 79-80. (Citations omitted).

[40] 96 Phil. 946 (1955).

[41] Abejaron v. Besa, Jr., 411 Phil. 552 (2001).

[42] De Ocampo v. Arlos, G.R. No. 135527, 19 October 2000, 343 SCRA 716.

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