

**CRISTITA ALEGRIA, JOINED BY HER HUSBAND BIBIANO ALEGRIA,  
PRAXEDES BANQUERIGO, JOINED BY HER HUSBAND ROLANDO  
CABUNILAS, EDUARDO DRILON, JOINED BY HER WIFE TURTILLANA  
DRILON, ESTE...**

*G.R. No. 161317. July 16, 2008*

Ponente: CARPIO, J.

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**CARPIO, J.:**

Before this Court is a petition for review[1] assailing the Decision[2] dated 27 February 2003 and Resolution dated 20 November 2003 of the Court of Appeals in CA-G.R. CV No. 70671. The Court of Appeals dismissed the petition for certiorari filed by Cristita Alegria et al. (petitioners) questioning

the Decision of the Regional Trial Court, Dumaguete City, Branch 40 (trial court) in Civil Case No. 11821.

Petitioners claim they are the actual occupants and tillers of two parcels of land identified as Lot No. 3658 and Lot No. 3660, Cad. 141, with an area of 1,986 and 3,703 square meters, respectively, located in Ajong, Sibulan, Negros Oriental.

On 4 June 1992, Gabriel Drilon, husband of respondent Eustaquia Drilon, applied for the issuance of titles by Free Patent over the properties. On 10 September 1993, Katibayan ng Orihinal naTitulo Blg. Fv.-36316 with Patente Blg. 074620-92-985, and Titulo Blg. Fv.-36315 with Patente Blg. 074620-92-986 were issued for Lot Nos. 3658 and 3660, respectively, in the name of Gabriel Drilon. On 8 October 1993, spouses Drilon sold the properties to respondent spouses Alfredo and Fredeswenda Ybiosa (spouses Ybiosa).

Sometime in 1996, Eustaquia Drilon[3] and spouses Ybiosa demanded that petitioners vacate Lot Nos. 3658 and 3660. This prompted petitioners to file, on 23 January 1997, an action for reconveyance and declaration of nullity of the sale of Lot No. 3658 and Lot No. 3660.

In their complaint, petitioners alleged that Gabriel Drilon obtained the free patents through fraud. According to petitioners, Gabriel Drilon made it appear in his application for free patent that he had continuously occupied and cultivated Lot Nos. 3658 and 3660.

Petitioners further claimed that the sale of Lot Nos. 3658 and 3660 on 8 October 1993 was void because the sale was made within five years from the issuance of the patents. Petitioners alleged that spouses Ybiosa were in bad faith when they bought the properties as they were fully aware that petitioners were actually and continuously occupying, cultivating and claiming portions of the properties.

In a decision dated 26 February 2001, the trial court dismissed the complaint. The dispositive portion of the decision reads:

WHEREFORE, the petition for reconveyance, declaration of nullity of sale of parcels of land and damages filed by plaintiffs against the defendants is hereby **DISMISSED** for lack of merit.

SO ORDERED.[4]

The trial court ruled that although the title to the properties was secured by Gabriel Drilon without disclosing that allegedly third parties were in possession of the properties applied for, petitioners were unable to establish their claim over Lot Nos. 3658 and 3660.

On appeal, the Court of Appeals affirmed the decision of the trial court, thus:

WHEREFORE, premises considered, the Decision dated February 26, 2001 of the Regional Trial Court of Dumaguete City, Seventh Judicial Region, Branch 40, in Civil Case No. 11821, is hereby AFFIRMED. Costs against the appellants.

SO ORDERED.[5]

The appellate court ruled that it is only the State, as the owner of the property allegedly taken by Gabriel Drilon through misrepresentation, which can assail the sale made by spouses Drilon to spouses Ybiosa. Petitioners, although occupants of the properties, have no legal personality to assail the patents issued to Gabriel Drilon as well as the sale of the properties to spouses Ybiosa.

Hence, this petition.

Petitioners raise the following issues:

- Whether the sale of Lot Nos. 3658 and 3660 by spouses Drilon to spouses Ybiosa is valid; and
- Whether petitioners may question the validity of the sale and ask for reconveyance of the properties.[6]

The petition is without merit.

Before the Court can rule on the validity of the sale made by spouses Drilon to spouses Ybiosa, it is first necessary to resolve whether petitioners have the right to question the validity of the sale and ask for reconveyance of the properties.

We rule in the negative.

Section 2, Rule 3 of the Rules of Court provides that every action must be prosecuted or defended in the name of the real party-in-interest, or in the name of one who stands to be benefited or injured by the judgment in the suit. A suit filed by one who is not a real party-in-interest must be dismissed.

In *Caro v. Sucaldito*,<sup>[7]</sup> the Court held that an applicant for a free patent cannot be considered a party-in-interest with personality to file an action for reconveyance. Citing *Spouses Tankiko v. Cezar*,<sup>[8]</sup> the Court stated:

[O]nly 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.<sup>[9]</sup>

In point is *De la Peña v. Court of Appeals*,<sup>[10]</sup> which likewise involved an action for reconveyance and annulment of title on the ground that the free patent and title over a parcel of land were allegedly obtained through fraud. Like the present case, the petitioner in *De la Peña* claimed that private respondent fraudulently stated in his application for free patent that "the land applied for is not claimed or occupied by any other person." The Court ruled that petitioner had no standing to file the case since reconveyance is a remedy granted only to the owner of the property alleged to be erroneously titled in another's name. In such instances, it is the State which is the proper party to file suit, thus:

Persons who have not obtained title to public lands could not question the titles legally issued by the State. 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.[11]

Further, Section 101 of Commonwealth Act No. 141 provides that actions for reversion of public lands fraudulently awarded must be instituted by the Solicitor General in the name of the Republic of the Philippines:

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 of the Philippines.

Thus, in *Garingan v. Garingan*,[12] the Court held that only the State may file a case for cancellation of title due to the grantee's violation of the conditions imposed by law:

A certificate of title issued pursuant to a homestead patent partakes of the nature of a certificate issued in a judicial proceeding, as long as the land disposed of is really a part of the disposable land of the public domain and becomes indefeasible and incontrovertible after one year from issuance. x x x. The only instance when a certificate of title covering a tract of land, formerly a part of the patrimonial property of the State, could be cancelled, is for failure on the part of the grantee to comply with the conditions imposed by law, and in such case the proper party to bring the action would be the Government to which the property would revert.[13]

Petitioners, however, argue that although it is only the government that may institute reversion proceedings, they as persons whose rights are affected by the assailed sale may pray for the declaration of nullity of the sale.

Petitioners invoke *Arsenal v. IAC*[14] and claim that under the ruling of the Court, the sale of a homestead land within the prohibited period is void, and that third persons affected by the void contract may set up its nullity.[15] In *Arsenal*, the Court stated:

The above provisions of law are clear and explicit. A contract which purports to alienate, transfer, convey or encumber any homestead within the prohibitory period of five years from the date of the issuance of the patent is void from its execution. In a number of cases, this Court has held that such provision is mandatory (*De los Santos v. Roman Catholic Church of Midsayap*, 94 Phil. 405).

Under the provisions of the Civil Code, a void contract is inexistent from the beginning. It cannot be ratified neither can the right to set up the defense of its illegality be waived. (Art. 1409, Civil Code).

To further distinguish this contract from the other kinds of contract, a commentator has stated that:

The right to set up the nullity of a void or non-existent contract is not limited to the parties as in the case of annulable or voidable contracts; it is extended to third persons who are directly affected by the contract. (*Tolentino, Civil Code of the Philippines*, Vol. IV, p. 604, [1973]).

Any person may invoke the inexistence of the contract whenever juridical effects founded thereon are asserted against him. (*Id.* p. 595).

Concededly, the contract of sale executed between the respondents Palaos and Suralta in 1957 is void. It was entered into three (3) years and eight (8) months after the grant of the homestead patent to the respondent Palaos in 1954.

Being void, the foregoing principles and rulings are applicable. Thus, it was erroneous for the trial court to declare that the benefit of the prohibition in the Public Land Act does not inure to any third party. Such a sweeping declaration does not find support in the law or in precedents. A third person who is directly affected by a void contract may set up its nullity. In this case, it is precisely the petitioners' interest in the disputed land which is in

question.[16]

Petitioners reliance on Arsenal is misplaced. Arsenal involved the double sale of a homestead property. The homestead grantee sold the property during the prohibited period. Afterwards, the grantee again sold the same property, and title to the homestead property was issued to the second buyer. The first buyer sought to annul the title of the second buyer. The second buyer merely raised the nullity of the first sale but did not seek to annul the title of the homestead grantee for selling the property within the prohibited period.

The factual circumstances of the present case are clearly different from Arsenal. Here, petitioners filed an action for reconveyance on the ground that titles to the properties were obtained through fraud. Moreover, petitioners seek to have the titles of the Drilons annulled for selling the

properties during the prohibited period. As found by the trial court, petitioners have not shown any proof of title over the properties. They are not even applicants for free patent over the properties.

Since petitioners failed to show proof that they have title to the properties, the trial and appellate courts correctly ruled that petitioners have no legal personality to file a case for reconveyance of Lot Nos. 3658 and 3660.

WHEREFORE, we DENY the petition for lack of merit. We AFFIRM the Decision dated 27 February 2003 and Resolution dated 20 November 2003 of the Court of Appeals in CA-G.R. CV No. 70671. Costs against petitioners.

**SO ORDERED.**

Puno, C.J., (Chairperson), Corona, Azcuna, and Leonardo-De Castro, JJ., concur.

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[1] Under Rule 45 of the Rules of Court.

[2] Penned by Justice Mercedes Gozo-Dadole and concurred in by Associate Justices B.A. Adeguin Dela Cruz and Mariano C. Del Castillo.

[3] Gabriel Drilon passed away in 1993.

[4] Rollo, p. 77.

[5] Id. at 105.

[6] Id. at 190.

[7] G.R. No. 157536, 16 May 2005, 458 SCRA 595.

[8] 362 Phil. 184 (1999).

[9] Supra note 7, at 606.

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

[11] Id. at 462.

[12] G.R. No. 144095, 12 April 2005, 455 SCRA 480.

[13] Id. at 498, citing *The Director of Lands v. De Luna, et al.*, 110 Phil. 28 (1960). Emphasis supplied.

[14] 227 Phil. 36 (1986).

[15] Rollo, pp. 190-191.

[16] Supra note 13, at 46-47. Emphasis supplied.

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