

PROTACIO BANGUILAN, NARCISO BANGUILAN, ELENA B. SANUCO, CAMILO BANGUILAN, MELITA GUINTAYON, NIEVES BALAGASAY, ESTEFANIA BANGUILAN, ERNESTINA B. BALABBO, LORNA B. ATUAN, JUANITA ...

G.R. NO. 165815. April 27, 2007

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Assailed via Petition for Certiorari is the Court of Appeals Decision[1] of September 30, 2004 affirming the Order[2] of July 25, 2002 of the Regional Trial Court (RTC), Branch 22, Cabagan, Isabela which dismissed the Amended Complaint for Cancellation/Annulment of Title and Damages filed by petitioners against respondents.

In issue is whether, under the facts of the case, petitioners' cause of action was for cancellation/annulment of titles or for reversion.

In 1925, Serapio Banguilan, predecessor-in-interest of petitioners Protacio Banguilan, Narciso Banguilan, Elena B. Sanuco, Camilo Banguilan, Melita B. Guntayon, Nieves B. Balagasay, Estefania Banguilan, Ernestina B. Balabbo, Lorna B. Atuan, Juanita B. Ong, and Jose Banguilan, who was cultivating about twenty four (24) hectares of public land (subject land) located at Lanna, Tumauni, Isabela, filed a homestead application bearing No. 108953 (E-61170) with the then Bureau of Lands.

To the application, Gregorio Manalo, predecessor-in-interest of respondents Brigida Manalo-Velasco, Pedro Manalo, Simeona M. Bunagan, and Jacinto Manalo, Jr., filed a protest with the Bureau of Lands, docketed as B.L. Conflict No. 326 (N), R.L.O. Conflict No. 188, D.L.O. Conflict No. 4-267.[3] It appears that he also filed a homestead application over the subject land.

It further appears that a certain Irene Baquiran filed a protest-in-intervention to the application of Serapio Banguilan, and a free patent application also over the subject land, bearing No. 4-113.[4]

By Decision of December 10, 1979,[5] the Director of Lands, through the Regional Director of Region 2, rejected the homestead application of respondents' predecessor-in-interest Gregorio Manalo and the free patent application of Irene Baquiran, and gave "further due course" to the homestead application of petitioners' predecessor-in-interest Serapio Banguilan.

On joint appeal of Gregorio Manalo and Irene Baquiran, the Office of the Secretary of the Department of Environment and Natural Resources (DENR), noting that an ocular inspection of the subject land "indubitably established that [Serapio Banguilan] is in actual and peaceful possession [thereof] and that the improvements existing thereon w[ere] introduced by him," affirmed the Director of Lands December 10, 1979 Decision by Decision[6] of September 26, 1989.

Years later or in December 1995, the Regional Office of the DENR in Tuguegarao, Cagayan issued the following

free patent titles covering portions of the subject land in favor of respondents-heirs of Gregorio Manalo:

- a) OCT No. P-63110 in the name of Brigida Manalo-Velasco covering 50,411 square meters;
- b) OCT No. P-63108 in the name of Pedro Manalo covering 50,411 square meters;
- c) OCT No. P-63109 in the name of Simeona Manalo-Bunagan covering 50,411 square meters; and
- d) OCT No. P-63111 in the name of Jacinto Manalo, Jr. covering 50,412 square meters.[7]

On March 13, 1996, respondents filed before the RTC of Cabagan a complaint for Quieting of Title and Damages with Preliminary Injunction and/or Temporary Restraining Order against petitioners.

Petitioners subsequently filed on September 30, 1997 also before the RTC of Cabagan, a suit for "Reconveyance and Damages"[8] against respondents, docketed as Civil Case No. 820.

By Decision of April 1, 1998,[9] Branch 22 of the RTC of Cabagan rendered judgment in the Quieting of Title and Damages case filed by respondents-free patent awardees in their favor, disposing as follows:

- Quieting [respondents'] ownership over the lands . . . and
- Ordering [petitioners] to respect the aforesaid certificate of titles of the [respondents], unless challenged in a direct proceeding.[10] (Emphasis supplied)

Petitioners subsequently amended on April 5, 1999 their complaint, this time entitling it as "For Cancellation/Annulment of Titles and Damages"[11] against respondents-free patent awardees by, inter alia, impleading their herein co-respondents, namely: Merlita Manalo-Taccad, Public Land Investigator, DENR, Regional Office, Tuguegarao, Cagayan; Reynaldo Baculi, Public Land Investigator, CENRO, Cabagan, Isabela; Dominador Laman and Joey Talaue.

As amended, petitioners' complaint sought the cancellation of the above-listed free patent titles, averring that they are the successors-in-interest of Serapio Banguilan who since 1925 had been occupying the subject land and who had in fact filed a homestead application;[12] that they have been in open, continuous and uninterrupted possession of the subject land, and have been paying taxes thereon;[13] that the questioned titles were unlawfully obtained, they covering portions of the subject land which had been adjudicated to their predecessor-in-interest Serapio Banguilan, by the December 10, 1979 Decision of the Director of Lands which was affirmed by that of the DENR Secretary on September 26, 1989.[14]

Respondents-free patent title awardees insisted, however, that they acquired ownership of those portions of the subject land as heirs of Gregorio Manalo who had applied for free patent thereon; the patent, having been registered under the Land Registration Act, is now incontrovertible; and the decisions of the Director of Lands and the DENR Secretary were rendered moot and academic by the issuance of their free patent titles.[15]

On respondents' motion, the RTC, by Order of July 25, 2002, dismissed petitioners' complaint for cancellation/annulment of titles and damages on the ground that petitioners have no personality to institute the suit, "it being essentially an action for reversion."[16]

On appeal by petitioners, the appellate court, by the assailed decision, affirmed that of the trial court, holding as follows:

This suit for reconveyance is not an available remedy to the appellants. Considering that the subject was a public land before free patents were issued, the appellants have no standing to ask for the reconveyance of the property to them. The proper remedy, if at all, is an action for reversion granting that there were misrepresentations in the applications for the free patents. The appellants have no legal personality to institute

a suit for reversion for the constant rule on this matter is that [I]f Sales Patents and TCT's were in fact fraudulently obtained, the suit to recover the disputed property should be filed by the State through the Office of the Solicitor General — the title having originated from a grant by the government, their cancellation is a matter between the grantor and the grantee (*De Ocampo vs. Arlos*, 343 SCRA 716,717). Further, (A) certificate of title, once registered, should not thereafter be impugned, altered, changed, modified, enlarged or diminished, except in a direct proceeding permitted by law (*Seville vs. National Development Company* 351 SCRA 112, 114). Finally, the payment of the realty taxes by the appellants cannot be a sole and sufficient basis for the grant of the properties to them. Tax declarations and receipts are not conclusive evidence of ownership, but are merely indicia of a claim of ownership (*Del Rosario vs. Republic*, 383 SCRA 262).[17] (*Italics in the original*)

Hence, petitioners' present petition for certiorari under Rule 65.[18]

Respondents early on question petitioners' availment of a petition for certiorari, instead of a petition for review on certiorari.

If strict adherence to the letter of the law would result in absurdity and manifest injustice or where the merit of a party's cause is apparent and outweighs considerations of non-compliance with certain formal requirements, procedural rules may be liberally construed to afford a party-litigant the fullest opportunity to establish the merit of his complaint or defense rather than for him to lose life, liberty, honor or property on mere technicalities.[19]

This is one instance which calls for the relaxation of the Rules, given that, *inter alia*, the case involves about 24 hectares of land titled in the name of respondents Brigida Manalo-Velasco, Pedro Manalo, Simeona Manalo-Bunagan, and Jacinto Manalo, Jr. and said respondents' claim thereto run counter to the prior final rulings of the Director of Lands and the DENR Secretary rejecting their predecessor-in-interest Gregorio Manalo's application for homestead patent over the subject land and declaring petitioners' predecessor-in-interest Serapio Banguilan as the actual occupant and possessor thereof.[20]

Contrary to the trial and appellate courts' ruling that petitioners' action is one for reversion, the allegations in their Amended Complaint show that it is one for declaration of nullity of the free patents and the certificates of title issued to respondents-heirs of Gregorio Manalo.

Heirs of Ambrocio Kionisala v. Heirs of Honorio Dacut[21] distinguishes an action for reversion from an action for declaration of nullity of free patents and certificates of title as follows:

An ordinary civil action for declaration of nullity of free patents and certificates of title is not the same as an action for reversion. The difference between them lies in the allegations as to the character of ownership of the realty whose title is sought to be nullified. In an action for reversion, the pertinent allegations in the complaint would admit State ownership of the disputed land. Hence in *Gabila v. Barriga* where the plaintiff in his complaint admits that he has no right to demand the cancellation or amendment of the defendant's title because even if the title were canceled or amended the ownership of the land embraced therein or of the portion affected by the amendment would revert to the public domain, we ruled that the action was for reversion and that the only person or entity entitled to relief would be the Director of Lands.

On the other hand, a cause of action for declaration of nullity of free patent and certificate of title would require allegations of the plaintiff's ownership of the contested lot prior to the issuance of such free patent and certificate of title as well as the defendant's fraud or mistake, as the case may be, in successfully obtaining these documents of title over the parcel of land claimed by plaintiff. In such a case, the nullity arises strictly not from the fraud or deceit but from the fact that the land is beyond the jurisdiction of the Bureau of Lands to bestow and whatever patent or certificate of title obtained therefor is consequently void *ab initio*. The real party in interest is not the State but the plaintiff who alleges a pre-existing right of ownership over the parcel of land in question even before the grant of title to the defendant. In *Heirs of Marciano Nagano v. Court of Appeals* we

ruled —x x x from the allegations in the complaint x x x private respondents claim ownership of the 2,250 square meter portion for having possessed it in the concept of an owner, openly, peacefully, publicly, continuously and adversely since 1920. This claim is an assertion that the lot is private land x x x Consequently, merely on the basis of the allegations in the complaint, the lot in question is apparently beyond the jurisdiction of the Director of the Bureau of Lands and could not be the subject of a Free Patent. Hence, the dismissal of private respondents' complaint was premature and trial on the merits should have been conducted to thresh out evidentiary matters. It would have been entirely different if the action were clearly for reversion, in which case, it would have to be instituted by the Solicitor General pursuant to Section 101 of C.A. No. 141 x x x

It is obvious that private respondents allege in their complaint all the facts necessary to seek the nullification of the free patents as well as the certificates of title covering Lot 1015 and Lot 1017. Clearly, they are the real parties in interest in light of their allegations that they have always been the owners and possessors of the two (2) parcels of land even prior to the issuance of the documents of title in petitioners' favor, hence the latter could only have committed fraud in securing them —

x x x That plaintiffs are absolute and exclusive owners and in actual possession and cultivation of two parcels of agricultural lands herein particularly described as follows [technical description of Lot 1017 and Lot 1015] x x x 3. That plaintiffs became absolute and exclusive owners of the abovesaid parcels of land by virtue of inheritance from their late father, Honorio Dacut, who in turn acquired the same from a certain Blasito Yacapin and from then on was in possession thereof exclusively, adversely and in the concept of owner for more than thirty (30) years x x x 4. That recently, plaintiff discovered that defendants, without the knowledge and consent of the former, fraudulently applied for patent the said parcels of land and as a result thereof certificates of titles had been issued to them as evidenced by certificate of title No. P-19819 in the name of the Hrs. of Ambrocio Kionisala, and No. P-20229 in the name of Isabel Kionisala x x x 5. That the patents issued to defendants are null and void, the same having been issued fraudulently, defendants not having been and/or in actual possession of the litigated properties and the statement they may have made in their application are false and without basis in fact, and, the Department of Environment and Natural Resources not having any jurisdiction on the properties the same not being anymore public but already private property x x x

It is not essential for private respondents to specifically state in the complaint the actual date when they became owners and possessors of Lot 1015 and Lot 1017. The allegations to the effect that they were so preceding the issuance of the free patents and the certificates of title, i.e., "the Department of Environment and Natural Resources not having any jurisdiction on the properties the same not being anymore public but already private property," are unquestionably adequate as a matter of pleading to oust the State of jurisdiction to grant the lots in question to petitioners. If at all, the oversight in not alleging the actual date when private respondents' ownership thereof accrued reflects a mere deficiency in details which does not amount to a failure to state a cause of action. The remedy for such deficiency would not be a motion to dismiss but a motion for bill of particulars so as to enable the filing of appropriate responsive pleadings. (Emphasis, underscoring and italics supplied, citations omitted)

Petitioners' claim of ownership over the subject land is vividly alleged in their Amended Complaint as follows:

- Plaintiffs' predecessor-in-interest, Serapio started cultivating a parcel of land, about 24 hectares, located in Sitio Minabbag, Lanna, Tumauni, Isabela in 1925, about the same year, he filed his Homestead Application No. 108953 with the then, Bureau of Land;
- Since 1925 plaintiffs have been in open, continuous and un[in]interrupted possession and cultivation of the said parcel of land, paying all the taxes due thereon, which fact had been confirmed and recognized by the DECISION OF THE DIRECTOR OF LAND, dated December 10, 1979 and affirmed by the HON. DENR SECRETARY IN A DECISION, dated September 26, 1989, which decisions are now final and executory x x x

- Thereafter in 1995, in spite of the adverse decision in the DENR case adjudicating the parcel of land in question in favor of the father of the Plaintiffs, Serapio Banguilan and against their father, Gregorio Manalo, the defendants heirs of Gregorio Manalo, namely: Brigida Manalo-Velasco, Pedro Manalo, Simeona Manalo-Bunagan and Jacinto Manalo, Jr., because of greed and of their vicious and malicious intention to cause damage to the plaintiffs and to landgrab the same parcel of land already adjudicated to the father of the plaintiffs, Serapio Banguilan, without qualm and undaunted by their knowledge that they are committing falsification of public documents, fraudulently applied for issuance of free patent titles over the same parcel of land which their father, Gregorio Manalo lost in the DENR decisions, Annexes "A" and "B" and already adjudicated in favor of Serapio Banguilan, so that the DENR Regional Office in Tuguegarao, Cagayan issued to the said defendants-heirs of Gregorio Manalo the void free patent titles complained of, to wit:

x x x [22] (Emphasis and underscoring partly in the original and partly supplied)

Evidently, petitioners, having claimed ownership over the subject land by virtue of their and their predecessor-in-interest's actual, continuous, exclusive and notorious possession thereof since 1925 and payment of the taxes thereon, not to mention the DENR Secretary's noting of the result of an ocular inspection of the subject land showing that Serapio Banguilan, predecessor-in-interest of petitioners, was the actual possessor thereof, are the real parties-in-interest to question the free patent and certificates of title.

The subject land being beyond the authority of the DENR to dispose as it had been segregated from the public domain, petitioners' filing of an action for declaration of nullity of the free patents and the certificates of title covering the same, instead of an action for reversion, was in order.

WHEREFORE, the Court of Appeals Decision of September 30, 2004 is REVERSED and SET ASIDE.

Let the records of the case, Civil Case No. 820, be REMANDED to the Regional Trial Court, Branch 22, of Cabagan, Isabela, which is DIRECTED to reinstate the case to its docket and to conduct proceedings thereon with dispatch.

SO ORDERED.

Quisumbing, (Chairperson), Carpio, Tinga, and Velasco, Jr., JJ., concur.

[1] Penned by Associate Justice Roberto A. Barrios and concurred in by Associate Justices Amelita G. Tolentino and Vicente S. E. Veloso. Court of Appeals (CA) rollo, pp. 255-260.

[2] Penned by Judge Alfredo G. Vergara. Records, pp. 256-257.

[3] Id. at 81.

[4] Id at 84.

[5] Id. at 81-84.

[6] Id. at 86-89.

[7]Id. at 3. Vide also records, pp. 168, 187-189.

[8] Records, pp. 1-6.

[9]Rollo, pp. 119-122.

[10]Id. at p. 122.

[11] Records, pp. 74-80.

[12] Id. at 75.

[13] Ibid.

[14] Id. at 75-76.

[15] Rollo, p. 62.

[16] Records, p. 256.

[17] Rollo, pp. 63-64.

[18] Id. at 43.

[19] Yao v. Court of Appeals, G.R. No. 132428, October 24, 2000, 344 SCRA 202, 221. Vide also Pondevida v. Sandiganbayan, G.R. Nos. 160929-31, August 16, 2005, 467 SCRA 219, 232.

[20] The December 10, 1979 Decision of the Bureau of Lands, through Regional Director Gualberto Agatep, in a protest filed by Gregorio Manalo against the Homestead Application No. 108953 (E-61170) of Serapio Banguilan covering the subject parcels of land situated at Lanna, Tumauni, Isabela, declared:

"It has been ascertained upon ocular inspection of the premises in controversy that applicant-respondent Serapio Banguilan is in the actual and peaceful possession of the same; that the improvements existing thereon were introduced by him; and that applicant-protestant Gregorio Manalo, applicant-intervenor Irene G. Baquiran and intervenors Nicolas Banguilan, et. al (sic) have no possession thereof whatsoever.

[From a] perusal study of the oral and documentary evidence presented by the party-litigants in the case at bar, it is clear that the claim of protestant Gregorio Manalo that he was in actual possession of the land in controversy from 1931 to 1956 when Serapio Banguilan and his son Teofilo Banguilan forcibly took the land from him was not proved, as this was well rebutted by the respondent; that all the cases filed by him in court against the respondent were dismissed sustaining the possession of the respondent; that his homestead application was not approved which tends to show that he is not actually in possession of the land in question; that the improvements allegedly introduced by him, if any are all at his own risk because the land he cultivated is covered by a subsisting and approved homestead application of the respondent who has a better right on the land under consideration. Hence, he has not acquired any right on the land in dispute; the claim of applicant-intervenor Irene G. Baquiran is without basis in fact and in truth; that said intervenor acted in bad faith when she bought the land knowing that the land is in question; that she has no better right than her predecessor-in-interest who have no right over the land she bought; and that the survey executed in favor of Gregorio Manalo and Juan Baquiran were not in order as the same were executed during the pendency of the case.

On the other hand, applicant-respondent claim that he and his tenants are in actual possession of the land in question since 1925; that when he first entered the same it was devoid of previous occupation and cultivation; that he immediately filed his homestead application thereto and was approved which shows that he immediately took step in perfecting his claim; that he had already filed his final proof; and that his possession has been continuous, actual and adverse since 1925 up to the present were proved. As a legal consequence thereof, he has already acquired a vested right on the land in question.

WHEREFORE, PREMISES CONSIDERED, it is ordered that the Homestead Application No. 193571 of Gregorio Manalo be rejected forfeiting to the government whatever amount has been paid on account thereof; that the Free Patent Application No. 4-113 of Irene G. Baquiran be likewise rejected; that the claims of above-named intervenors dismissed and this case dropped; and that the Homestead Application No. 108953

(E-61170) of Serapio Banguilan be given further due course." (Vide records, pp. 83-84)

On a joint appeal by Gregorio Manalo and Irene Baquiran, the foregoing findings were affirmed by the DENR Secretary through Romulo San Juan, Assistant Secretary for Legal Affairs, by Decision of September 26, 1989 which held:

"From the facts on record, it appears that appellee's (Serapio Banguilan) possession and cultivation of the land in dispute is established. No convincing evidence has been adduced by appellant showing that appellee allegedly entered into the land by force or by coercive acts. In fact, the criminal case filed against appellee for illegal entry was dismissed by the court. On top of this, ocular inspection revealed that appellee is in actual possession of the land.

As already stated before, appellee's homestead application had already been approved. So that "when a homesteader has already complied with all the terms and conditions which entitled him to a patent for a particular tract of public land, he acquired a vested interest therein, and is to be regarded as the equitable owner thereof." (Balboa vs. Farrales, 51 Phil. 498; Mesina vs. Vda. de Souza, 58 O.G. 25 p. 4603, June 18, 1962.)

With respect to the alleged payment of real property taxes by the appellants, suffice it to state that the tax receipts are not conclusive evidence of possession or ownership of the land." (Vide records, p. 89)

[21]G.R. No. 147379, February 27, 2002, 378 SCRA 206, 214-216.

[22] Records, pp. 126-127.

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