

JESUS ANGELES, GLORIA MALANA, ANSELMO NAVALES, FELICIANO VILLAMAYOR, DEVELOPMENT BANK OF THE PHILIPPINES AND THE REGISTER OF DEEDS OF LAGUNA, PETITIONERS, VS. REPUBLIC OF THE PH...

G.R. NO. 166281. October 27, 2006

Ponente: CALLEJO, SR., J.

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CALLEJO, SR., J.:

Before the Court is a Petition for Review on Certiorari of the Decision[1] of the Court of Appeals (CA) in CA-G.R. CV No. 45645, and its resolution denying the motion for reconsideration thereof.

Sometime in 1940, Juan Sanga acquired from his father, Damaso Sanga, a parcel of land located in Mayondon, Los Baños, Laguna. The property is bounded on the east and south side by the University of the Philippines, Los Baños. Sanga declared the lot in his name under Tax Declaration No. 5841 and paid the realty taxes thereon. He planted fruit bearing trees on the property and later executed a real estate mortgage in favor of the Rural Bank of Los Baños as security for a loan.[2]

In January 1960, Jesus Angeles, Feliciano Villamayor, the spouses Montano Malana and Gloria Malana, and Anselmo Navales, gained entry into the property. They occupied portions thereof and constructed huts and duck sheds. When Sanga demanded that they vacate the property, they pleaded to be allowed to remain therein and executed an undertaking, promising to vacate the property as soon as their applications with the Bureau of Lands for revocable permits to occupy other lots had been processed and approved. Sanga allowed them to stay.

On May 22, 1972, Sanga had the property surveyed by Geodetic Engineer Nestor Falcotelo, who then prepared a Consolidation Plan Psu-134538 and Psu-232665.[3] Sanga again demanded that Angeles, Navales and Malana vacate the property. When they refused, Sanga filed a complaint (accion reivindicatoria) with the Regional Trial Court (RTC) of Laguna against Angeles, the spouses Malana and Villamayor. He alleged that he was the owner of the lot in question, having acquired the same from his father; despite his demands, defendants refused to vacate the property. He prayed that judgment be rendered in his favor ordering the defendants and their successors-in-interest to vacate the property and to pay damages. The case was docketed as Civil Case No. B-541. The Director of Lands intervened in the case.[4]

Sanga filed a separate complaint for unlawful detainer against Navales with the Municipal Trial Court (MTC), docketed as Civil Case No. 170. However, on motion of the defendant, the proceedings were suspended pending the final outcome of Civil Case No. B-541.[5]

Unknown to Sanga, the defendants had managed to have portions of the property surveyed by Geodetic Engineer Rolando Bagues while Civil Case No. B-541 was pending. A survey plan was prepared, under which the portions of the property occupied by the defendants were identified as Lot Nos. 11684, 11687, 11728, and 11729. Separate petitions for the issuance of free or sales patents were then filed by Angeles, Malana, Navales and Villamayor

with the Bureau of Lands, which were granted by District Lands Officer Braulio C. Darum. On July 20, 1978, the Register of Deeds issued Original Certificates of Title (OCT) to the patentees, thus:

Patentee

Patent No.

Original Certificate of Title No.

Jesus Angeles 16637 P-1944[6]

Gloria Malana 16644 P-1946[7]

Anselmo Navales 16684 P-1964[8]

Feliciano Villamayor 16685 P-1965[9]

Malana, Navales and Angeles thereafter secured separate loans from the Development Bank of the Philippines (DBP) and executed real estate mortgages over the lots respectively titled to them. The mortgagor and the amount of loan secured by each of them are as follows:

Mortgagor Amount of Loan

1. Montano Malana P17,450.00
2. Anselmo Navales P19,600.00
3. Jesus Angeles P53,978.00

Meanwhile, on May 25, 1982, the RTC rendered judgment in Civil Case No. B-541 in favor of plaintiff. The fallo of the decision reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and the defendants and any and all persons acting under them and in their behalf are hereby ordered to vacate the parcel of land described as: "A parcel of land located at Mayondon, Los Baños, Laguna, bounded on the North by Damaso Sanga (or his heirs), on the East by the Municipality of Los Baños (now University of the Philippines) on the Southeast by the Municipality of Los Baños (now University of the Philippines) and on the West by the Laguna Lake; consisting of an area of 2,913 square meters, more or less, assessed at P70.00 under Tax Declaration No. 5841 in the name of Juan C. Sanga."

and surrender the possession of the same to the plaintiffs.[10]

The decision became final and executory as the defendants and the Director of Lands failed to appeal.[11]

When Sanga sought to have defendants evicted from the property based on the trial court's decision, the latter claimed that they had titles over the property based on the free (sales) patents granted to them by the State, hence, had the right to possess such lots. The court rejected their claims. They sought relief from the CA, but the appellate court dismissed their petition.[12]

On October 12, 1983, Sanga filed a protest with the Bureau of Lands, claiming that, as early as May 25, 1982, the RTC of Laguna had rendered judgment in his favor in Civil Case No. B-541, and that such decision was already final and executory. He prayed that the free patents as well as the titles based thereon, issued by the Registry of

Deeds be cancelled, thus:

WHEREFORE, premises considered, it is most respectfully prayed that after due hearing and investigation, the following Free Patents issued with their respective names of patentee-respondents be revoked and/or cancelled:

Jesus Angeles

-

Free Patent No. (IV-3) 16637 or OCT P-1944

Gloria Malana

-

Free Patent No. (IV-3) 16644 or OCT P-1946

Anselmo Navales

-

Free Patent No. (IV-3) 16684 or OCT P-1964

Feliciano Villamayor

-

Free Patent No. (IV-3) 16685 or OCT P-1965

and after cancellation thereof has been effected, that proper title be issued to herein claimant-protestant.[13]

When apprised of the protest,[14] the Chief of the Legal Division of the Bureau of Lands issued a letter[15] dated November 18, 1983 requesting the District Lands Officer to conduct an immediate investigation of the matter and to submit a report thereon as soon as possible. The matter was referred to Atty. Nicasio M. Rino, Jr., who then issued the following report:

- That the lots in question is situated in Brgy. Mayondon, Los Baños, Laguna, and found to be within the Psu-232665 of Juan Sanga, et al., which has been the subject of a civil case filed before the Court of First Instance of Laguna, Branch 1, Biñan, Laguna and docketed as Civil Case No. B-541 wherein a decision rendered is favorable to the herein protestants;

- That during the first hearing which was held in this Office on January 5, 1984, counsels for the respondents agreed to submit/file within fifteen (15) days their motion to dismiss protest, however despite the lapse of time accorded them they were not able to do so;

- That all the free patent titles issued to the above-named patentees was ascertained to be within or along the foreshore of the Laguna de Bay and has no approved survey tending to show that it was issued irregularly;

- That it is also of significant to mention that this Office been ordered to submit a summary investigation of those free patent titles irregularly issued within or along the foreshore of the Laguna de Bay as per 1st Indorsement dated 4 April 1983 of the Regional Director, Regional Land Office No. IV, Quezon City.[16]

Atty. Rino made the following recommendation:

In view of all the foregoing, it is respectfully recommended that an order be issued ordering the F.P.A. No. (IV-3) 11687 with Patent No. (IV-3) 16637 with O.C.T. P-1944 issued to Jesus Angeles, F.P.A. No. (IV-3) 11694 which has been issued Patent No. (IV-3) 16644 with O.C.T.

No. P-1946 to Gloria Malana, F., P.A. No. (IV-3) 11728 with Patent No. (IV-3) 16684 with O.C.T. No. P-1964 to Anselmo Navales and F.P.A. No. (IV-3) 11729 which has been issued Patent No. (IV-3) 16685 with O.C.T. No. P-1965 in the name of Feliciano Villamayor be cancelled for having been issued irregularly.[17]

On July 8, 1984, the Chief, Legal Division of the Bureau of Lands, requested the Director of the Registry Land Division to issue a certification or report as to the status of the said survey plans.[18] Eleuterio R. Paz, the Chief, Survey Division, Registry Land Officer IV, issued a certification stating that "according to [their] records, the above-noted survey plans situated in the Barrio of Mayondon, Municipality of Los Baños, Province of Laguna, does not appear to have been submitted for verification and approval by this Office."[19]

On April 28, 1986, the Chief, Legal Division of the Bureau of Lands, prepared and signed an Office Memorandum to the Deputy Minister and Officer-In-Charge, Ministry of Natural Resources, stating that Sanga had filed an action for recovery of ownership or accion-reinvidicatoria against the patentees (with the exception of Anselmo Navales who was sued for ejectment) before the RTC of Laguna, Calamba Branch, docketed as Civil Case No. B-541, and that the decision dated May 25, 1982 in the said case ordered the defendants to vacate the area in question; that despite the pendency of the aforementioned civil case, respondents were able to secure free patents from the District Land Officer and corresponding titles; the lots in question form part of a bigger land covered by Plan Psu-232665 in the name of Juan Sanga, and said LOT is within the foreshore area of Laguna de Bay. Verification with the Regional Land Office No. IV and District Land Office No. IV-A likewise showed that there were no approved survey plans over the patented and titled lots, and that the records of the applications in question could not be found in the District Land Office in Laguna where the same were supposed to be filed. From the foregoing facts and circumstances, it is obvious that fraud, misrepresentation and other irregularity attended the issuance of the patents and titles of respondents.[20] It was recommended that appropriate steps be taken in court for the cancellation of the certificates of title in the names of the patentees and the reversion of the said property to the State.[21]

The Director of the Bureau of Lands and the Minister of Natural Resources concurred with the recommendation. On February 4, 1987, the Republic of the Philippines, represented by the Director of Lands, through Atty. Manuel Tacorda filed separate but similarly-worded complaints for cancellation of free patents and the corresponding OCTs issued, and for the reversion of the subject lots to the public domain. The defendants were Malana, Navales, Angeles, Villamayor, and the Development Bank of the Philippines (DBP) with the RTC of Laguna. The complaints were docketed as Civil Case Nos. 1064-87-C, 1065-87-C, 1066-87-C, and 1067-87-C, respectively. Plaintiff prayed that judgment be rendered in its favor, thus:

WHEREFORE, it is respectfully prayed of this Honorable Court that judgment be rendered.

- Declaring Free Patent No. (IV-3) 16644 and Original Certificate of Title No. P-1946 issued in the name of defendant Gloria Malana, and derivative titles, if any, emanating therefrom, null and void ab initio;
- Ordering defendant DBP to surrender Original Certificate of Title No. P-1946 to defendant Register of Deeds of Laguna;
- Ordering defendant Register of Deeds of Laguna to cancel said patent and title and derivative titles, if any;
- Ordering the reversion of the subject lot to the mass of the public domain.[22]

In its Answer to the Complaint, DBP averred that it was an innocent mortgagee in good faith and for value, it being unaware of any defect or flaw in the titles of the lots in question. Defendant interposed cross-claims against its co-defendants.

Meantime, Juan Sanga died intestate. When apprised of the cases filed by the Republic of the Philippines, his

heirs, Clarita Sanga-Santos, Isadora Sanga-Francisco, Felipa Sanga-Lojo, Lolita Sanga-Santillan, Elpidio Sanga and Virgilio Sanga filed a Motion for Leave to Intervene as Plaintiffs, appending thereto their Complaint in Intervention for quieting of title and damages.[23] They alleged, inter alia, that they had been declared the lawful owners of the property in the decision of the Laguna RTC in Civil Case No. B-541. They prayed that, after due proceedings, judgment be rendered in their favor as follows:

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Court that judgment be rendered as follows:

- Ordering and declaring Free Patent No. (IV-3) 16637 OCT P-1944 in the name of Jesus Angeles and any title derived therefrom void ab initio;
- Ordering and declaring Free Patent No. 16644 OCT-1946 in the name of Gloria Malana and any title derived therefrom void ab initio;
- Ordering and declaring Free Patent No. 16684 OCT P-1964 in the name of Anselmo Navales and any title derived therefrom void ab initio;
- Ordering and declaring Free Patent No. 16685 OCT P-1965 in the name of Feliciano Villamayor and any title derived therefrom void ab initio;
- Ordering all defendants to surrender their Certificates of Title P-1944, P-1946, P-1964 and P-1965 to defendant Register of Deeds;
- Ordering defendant Register of Deeds to cancel said patent and title and any title derived therefrom;
- Declaring the subject parcel of land in full ownership to herein Intervenors in accordance with Civil Case No. B-541;
- Ordering the defendant Development Bank of the Philippines to pay herein intervenors damages in an amount to be determined by this Honorable Court;

For such further and other relief as this Honorable Court may deem just and equitable; and for costs.[24]

On October 2, 1987, the court issued an order granting the motion to intervene and admitted the complaint in intervention.

Defendants-in-intervention interposed the following defenses in their respective answers:

Gloria Malana alleged that she procured the free patent after complying with the required rules and regulations and that she is the lawful owner of the property. Her title to the property had become indefeasible and incontrovertible more than one year having elapsed from its issuance on July 17, 1978. She further alleged that the plaintiffs-in-intervention failed to exhaust all administrative remedies before filing the complaint; their cause of action has prescribed and was barred by laches and estoppel.

For his part, Anselmo Navales averred in his answer that the Bureau of Lands issued the Free Patent in his favor after complying with all the rules and regulations therefor; and that there has been no fraud, misrepresentation or any illegal whatsoever in his procurement of the title to the property.

Jesus Angeles likewise alleged that the plaintiff had no cause of action against him; its cause of action, if any, has already prescribed, and that his title to the property had become incontrovertible. He insisted that plaintiffs-in-intervention were guilty of laches and estoppel.

Defendant Feliciano Villamayor, in his answer to the complaint, averred that he is the lawful and absolute owner

of the property covered by the said patent and title; his property is not the subject matter of Civil Case No. B-541.

Upon review of the records, the Bureau of Lands discovered that the decision of the CFI in Civil Case No. B-541 declaring the plaintiffs-in-intervention as the lawful owners of the property had become final and executory, and consequently, the State had no cause of action against the defendants for the reversion of the property. It then recommended that the complaint be amended to delete its prayer for the reversion of the property to the State. The Office of the Solicitor General (OSG), acting for the Republic of the Philippines, agreed with the Bureau of Lands. Upon prior leave of court, plaintiff, through Atty. Tacorda, filed an amended complaint, deleting the prayer for reversion of the property to the State. It prayed that judgment be rendered in its favor, thus:

WHEREFORE, it is respectfully prayed of this Honorable Court that judgment be rendered:

- Declaring Free Patent No. (IV-3) 16644 and Original Certificate of Title No. P-1946 issued in the name of defendant Gloria Malana, and all derivative titles, if any, emanating therefrom, null and void ab initio;
- Ordering defendants Gloria Malana and/or the Development Bank of the Philippines to surrender Original Certificate of Title No. P-1946 to defendant Register of Deeds of Laguna; and,
- Ordering defendant Register of Deeds of Laguna to cancel said patent and title and all derivative titles, if any.

Plaintiff prays for other reliefs as may be deemed just and equitable in the premises.[25]

Plaintiff presented Atty. Manuel Tacorda as sole witness, who identified and testified on the records of the Bureau of Lands relative to the property.

The Case for the Defendants

Anselmo Navales, a carpenter,[26] testified and declared that in 1953, he occupied a 385 sq m parcel of land identified as Lot No. 7 (IV-3) 11728-D. He applied for a revocable permit with the Bureau of Lands to occupy the property,[27] but later grew tired of making follow-ups for its processing and approval. He had the property fenced, and constructed a house and a duck pen thereon. In 1970, he constructed a house of strong materials. He declared the property for taxation purposes as residential under his name in 1974. In 1978, he and Villamayor went to the Bureau of Lands to secure a title for the lots they occupied. They talked to a person at the office who told them that, for a fee of P2,000.00, they would be issued titles for the lots. They filed applications and paid P2,000.00.[28] The property was surveyed sometime in June 1978, and he received a copy of the Order dated July 27, 1978 which granted his application for issuance of patent. The Order issued by the District Land Officer stated that the property has been occupied and cultivated by the applicant himself and/or through his predecessors-in-interest since June 12, 1945, and that there was no adverse claim involving the property pending determination of said application.[29] On the same date, District Lands Officer Braulio C. Darum approved Free Patent No. (IV-3) 16684, and OCT No. P-1964 was issued in his name.

On cross-examination, Navales declared that the lot he occupied in 1953 was about 400 meters away from Lot 11728-D.[30] The property occupied by Juan Sanga was 100 meters away from the lot he occupied.[31] The property was under water during the rainy season.[32] The survey of the property was conducted about a week after he filed his application.[33] He had no copy of his application for a free patent. He paid P1,000.00 as downpayment for the title and an additional P1,000.00 after the title was given to him[34] a week after the survey was conducted.[35]

Villamayor did not testify and instead offered in evidence OCT No. P-1965 issued in his name on July 28, 1978, and Free Patent No. (IV-3) 16685-D signed by Braulio C. Darum on July 27, 1978.[36]

Angeles testified that he finished grade V and was a duck raiser by profession.[37] He occupied the lot sometime

in 1948. The property was under water during rainy season. In 1959, Juan Sanga, his neighbor, accompanied him to the Bureau of Lands to file an application for a revocable permit.[38] However, the application was not approved. In February 1978, he and Barangay Captain Benito Villamaria inquired from the Bureau of Lands how to secure a title over the land he was occupying. He was told that he had to file an application for a free patent, which he did. Persons who identified themselves as personnel from the Bureau of Lands inspected the property a week after he filed four copies of his application in Sta. Cruz, Laguna. He was instructed to pay P7,000.00 to the four persons who conducted a survey of the property on April 2, 1978. He was not given a receipt for the P7,000.00 he paid to the personnel of the Bureau of Lands. On July 17, 1978, he received a letter from the Register of Deeds informing him that a title over the property had been issued to him. He was not required to execute a Joint Affidavit of two witnesses relative to his application for a free patent. The property covered by his application for a revocable permit is the same as that covered by his application for a free patent. He declared in his application that the property was residential and would be used for duck raising. He filed his application for a free patent without the knowledge of Sanga and despite the pendency of Civil Case No. B-541 because no one asked him. He did not present his title in Civil Case No. B-541 because he did not think of it. He secured a loan in 1979 of P99,500.00 from the DBP and mortgaged the property as security therefor.

After due proceedings, the trial court rendered judgment on May 31, 1993 in favor of the plaintiff. The fallo of the Decision reads:

WHEREFORE, Original Certificate of Title No. P-1946 in the name of Gloria Malana; Original Certificate of Title No. P-1944 in the name of Jesus Angeles; Original Certificate of Title No. P-1964 in the name of Anselmo Navales and Original Certificate of Title No. P-1965 in the name of Feliciano Villamayor are hereby declared NULL and VOID.

Defendant DBP's cross claim is hereby ordered DISMISSED and said defendant bank, who appears to be in custody of the questioned titles is hereby ordered within fifteen (15) days from the date of receipt of this decision to surrender OCT Nos. P-1944, P-1964, P-1946 and P-1965 to the Register of Deeds of Calamba, Laguna, who is hereby ordered to cancel both the original and owner's duplicate certificate of title.

Failure on the part of the defendant Development Bank of the Philippines to surrender the aforesaid owner's copies of Certificate of Titles Nos. P-1946, P-1944, P-1964, and P-1965 within the period specified, authorizes the Register of Deeds, Calamba, Laguna to consider said owner's copies null and void and of no further force and effect.

With costs against the defendants.

SO ORDERED.[39]

Defendants appealed the decision to the CA. The appellate court dismissed the appeals of Navales and Villamayor and the DBP. Entry of partial judgment was made of record. As synthesized by the CA, the issues raised by the remaining appellants, Angeles and Malana, are as follows:

- Whether or not the State has the personality to file the present case;
- Whether or not the spouses Sanga can intervene in the present case;
- Whether or not the lots covered by appellants Angeles' and Malana's titles are the same lots involved in Civil Case No. B-541;
- Whether or not appellants Malana's and Angeles' titles are valid.[40]

On July 21, 2004, the CA rendered judgment affirming the decision of the RTC and dismissed the appeals of the remaining appellants. The fallo of the decision reads:

WHEREFORE, premises considered, the appeals are DENIED for lack of merit. The May 31, 1993 decision of the RTC, Branch 34, Calamba, Laguna, in Civil Cases No. 1064-87-C and 1066-87-C is AFFIRMED on the ground that the patented lots are private and are beyond the authority of the government to award to appellants.

SO ORDERED.[41]

The CA ruled that the Director of Lands, through the Office of the Solicitor General may file an action for the cancellation of a free patent and title or for the reversion of the land to the public domain. The State has sufficient interest in the maintenance of the integrity of the land registration law to have standing in the case as plaintiff. The appellate court cited Section 91 of Act 141 and the ruling of this Court in *Gamao v. Calamba*,[42] to support its ruling.

The appellate court declared that the intervention of the heirs of Juan Sanga, as plaintiffs, rather than as defendants is proper because the lands are non-patentable lands which the court declared in Civil Case No. B-541 to be owned by the intervenors. It was upon their instance that the Bureau of Lands conducted an investigation of the disputed patents and titles. After the plaintiff dropped its claim for the reversion of the property to the public domain, the said heirs became the real parties-in-interest as plaintiffs-in-intervention. As borne by the evidence on record, the title subject of Free Patent No. 16637 is the same lot subject of Juan Sanga's complaint in Civil Case No. B-541. The lot subject of Angeles' application for a revocable permit in 1959 which he filed in the Bureau of Lands is different from the lot covered by the free patent issued to him.

The CA further held that the property subject matter of the complaint was private land and that, therefore, the Director of Lands had no authority to grant free patents to the appellants over portions of the property. The fact that the plaintiffs-in-intervention did not bring their land under the Torrens System does not affect the private character of the property.

Relative to the intervention of the heirs of spouses Juan Sanga in the complaint for cancellation of patentee's titles and reversion of the land to the State, the CA justified their intervention by citing Rule 19, Section 1 of the Rules of Court. The court declared that the State, through the OSG, and the spouses Juan Sanga, represented different interests that had to be protected - the spouses owned the subject property, while the State had to maintain the integrity of the land registration system.

The appellate court held that the trial judge correctly ruled that spouses Juan Sanga may participate, as plaintiffs-intervenors, in the case since their claim was clearly against the defendants therein, including Jesus Angeles, and not against the State. As to the nature of the lots in question, the report of hearing officer Atty. Nicasio Rino, Jr. categorically established that the said lots actually formed part of a bigger tract of land covered by Plan PSU-232665 in the name of Juan Sanga and had already become private in nature. That Atty. Rino, Jr. and the other officials of the Bureau of Lands did not testify on said report, did not taint its admissibility. The report, after all, is an official document made by a public officer in the performance of his duty, hence, admissible in evidence. Its contents are worthy of consideration and are prima facie evidence of the facts stated therein.

All the appellants filed a Petition for Review on Certiorari[43] in this Court for the nullification of the Decision of the CA alleging that:

I

THE COURT OF APPEALS SERIOUSLY ERRED WHEN IT SUSTAINED THE TRIAL COURT IN PRACTICALLY ALLOWING THE OSG TO LAWYER FOR PLAINTIFF-INTERVENOR IN CIVIL CASE NO. 1066-87-C.

II

THE COURT OF APPEALS SERIOUSLY ERRED WHEN IT MADE A FINDING THAT THE PROPERTY

INVOLVED HEREIN WAS ALREADY PRIVATE IN NATURE WHEN PETITIONER ACQUIRED A PATENT THEREFOR IN ORDER TO SUSTAIN THE TRIAL COURT'S DECISION NULLIFYING PETITIONER'S TITLE.[44]

Petitioners assert that the trial court erred in allowing plaintiffs-in-intervention to intervene as plaintiffs and not as defendants-in-intervention. They aver that the OSG practically lawyered for plaintiffs-in-intervention because instead of reiterating its prayer for the reversion of the property to the State, it deleted in its amended complaint the prayer for the reversion of the property to the State. During pre-trial, the OSG asserted that the property was public land and no reversion can be made on the properties of the public domain. Respondents even presented no less than Atty. Manuel Tacorda of the Bureau of Lands as its own witness.

Petitioners posit that respondents failed to prove the invalidity of the patents and titles issued to them. The documents adduced in evidence by respondent to prove its cause of action are hearsay, hence, inadmissible in evidence. Respondent should have presented a representative of the Bureau of Lands to testify on the documentary evidence of respondents. Petitioners maintain that even assuming that the free patents and certificates of title issued to them are void, the properties remained of the public domain and should thus be reverted to the State.

For its part, the OSG asserts that public respondent Bureau of Lands was under obligation to amend its original complaint for cancellation of titles and reversion by dropping the prayer for the reversion of the properties to the State and limiting itself to the cancellation of the patentee's title. It was clearly established upon a thorough and exhaustive examination by the Bureau of Lands that the property had already ceased to be part of the public domain and actually forms part of a bigger land covered by Plan PSU-232665 in the name of plaintiffs-intervenors spouses Juan Sanga. Deleting the prayer for reversion of the subject land to the State was the most logical thing to do. Nonetheless, public respondent continued to possess the personality to proceed with the institution of the action for cancellation of the patentees's titles, as expressly provided in Section 91 of the Public Land Act. The State was duty-bound to ensure that the integrity of the land registration process is always kept intact.

The threshold issues are: (1) whether petitioners Anselmo Navales, Feliciano Villamayor, and DBP, are estopped from assailing the decision of the RTC; (b) whether the heirs of Juan Sanga should be impleaded as parties-respondents; (c) whether the decision of the CA affirming on appeal the decision of the RTC is in accord with the evidence and the law.

On the first issue, petitioners Navales, Villamayor and the DBP are estopped from assailing the decision of the RTC and the CA in this Court on appeal. It bears stressing that the CA had already resolved to dismiss their appeal on March 20, 2001.[45] On February 12, 2003, the appellate court resolved to dismiss the appeal of the DBP.[46] Entry of partial judgment was made of record on August 10, 2001; consequently, the decision of the RTC had become final and executory as against said petitioners and beyond the jurisdiction of the CA to modify or reverse.[47]

The heirs of Juan Sanga were the plaintiffs-in-intervenors in the RTC. However, petitioners failed to implead them as respondents in the present case. Unless and until impleaded as parties-respondents, the decision of this Court in the present case will not bind them. It is settled that only the parties to a case or their privies or successors are bound by the decision of this Court.[48]

Even on the merits of the petition, petitioners Angeles and Malana failed to establish that the appellate court committed any reversible error. The trial court acted in accord with Section 3, Rule 19 of the Rules of Court when it granted leave to the heirs of Juan Sanga to appear as plaintiffs-in-intervention. The provision reads:

SEC. 3. Pleadings-in-intervention.— The intervenor shall file a complaint-in-intervention if he asserts a claim against either or all of the original parties, or an answer-in-intervention if he unites with the defending party in resisting a claim against the latter.

As gleaned from the material averments of their complaint-in-intervention, the plaintiffs-in-intervention asserted claims against the plaintiff and the defendants, alleging therein that the free patents and titles issued to the defendants are fraudulent, hence, void. Plaintiffs-intervenors claimed that they were the owners of the property and that their ownership was confirmed by the RTC in its final and executory ruling in Civil Case No. B-541. Plaintiffs-in-intervention prayed that said patents and titles issued to the defendants be nullified and that they (plaintiffs-intervenors) be declared the owners of the property as ruled by the RTC in Civil Case No. B-541.

In the present case, the trial court admitted the complaint-in-intervention of the heirs of Juan Sanga on their claim that they are the owners of the property subject of the complaint, as ruled by the RTC in Civil Case No. B-541. Being the owners of the property, said heirs should be accorded the right to intervene. Their rights will be directly and substantially affected by the direct legal operation and effect of the decision of the trial court. It was imperative for them to safeguard their interests over the property.[49] The allowance or disallowance of a motion for leave to intervene and the admission of a complaint-in-intervention is addressed to the sound discretion of the trial court. The discretion of the court, once exercised, cannot be reviewed by certiorari save in instances where such discretion has been exercised in an arbitrary or capricious manner.

The heirs of Juan Sanga
are proper parties as plaintiffs-
in-intervention

We agree with the ruling of the CA that the Heirs of Juan Sanga had a cause of action against petitioners for quieting of title and nullification of the Free/Sale Patents issued to them by District Lands Officer Braulio C. Darum and the OCTs issued by the Register of Deeds. A cause of action consists of these elements: (1) the existence of a legal right with the plaintiff; (2) a correlative legal duty of the defendant to respect the right of the plaintiff; and (3) an act or omission of the defendant violative of plaintiff's right.[50] In the present case, the spouses Juan Sanga were the owners of the property subject of the complaint below. Petitioners were aware of the claim of ownership of the property by the spouses Juan Sanga because they were the defendants in Civil Case No. B-541 before the RTC and Civil Case No. 170 in the MTC. Despite the pendency of said civil cases, and without the knowledge of Juan Sanga, petitioners were able to secure patents, through actual fraud and trickery, and apparently in connivance with personnel from the Bureau of Lands. The said spouses had a pre-existing right of ownership over the property even before the grant of the patents in favor of petitioners.[51] A free patent which purports to convey land to which the government no longer has title at the time of its issuance does not vest title with the patentee as against the lawful owner. Private property cannot be a subject of a free patent. Such lands are beyond the jurisdiction of the Bureau of Lands. Such patents are null and void and have no legal effects whatsoever.

The spouses Juan Sanga and their heirs had a cause of action for the quieting of title which is imprescriptible.[52] As such owners, they had the right to have the patents and titles declared as void on the ground of actual fraud perpetrated by petitioners.[53]

Public respondent has a cause
of action against petitioners
for the nullification of the free
sales patents and torrens titles

Indeed, petitioners managed to secure the free patents through District Land Officer Braulio Darum, acting for the Director of Lands and the Republic of the Philippines. They were likewise issued titles over the lots subject of the complaint despite the fact that, by operation of law, spouses Juan Sanga were already its owners. The Republic of the Philippines, through the Bureau of Lands, is obliged to undo what has been perpetrated by petitioners in violation of law. It behooved the Republic, through the Director of the Bureau of Lands, to institute the proper action for the nullification of the patents and titles. Public respondent is not proscribed from filing the amended complaint merely because the Heirs of Juan Sanga had a cause of action for the cancellation of said patents and titles. We quote, with approval, the ruling of the CA on the matter:

That the State has the personality to file a case for the cancellation of issued land titles is supported by Section 91 of the Public Land Act (CA 141, as amended) which provides: "Section 91. The statements made in the application shall be considered as essential conditions and parts of any concession, title, or permit issued on the basis of such application, and any false statements therein or omission of facts altering, changing, or modifying the consideration of the facts set forth in such statements and any subsequent modification, alteration or change of the material facts set forth in the application shall ipso facto produce the cancellation of the concession, title, or permit granted. It shall be the duty of the Director of Lands, from time to time and whenever he may deem it advisable, to make the necessary investigations for the purpose of ascertaining whether the material facts set out in the application are true, or whether they continue to exist and are maintained and preserved in good faith and for the purposes of such investigation, the Director of Lands is hereby empowered to issue subpoenas and subpoenas duces tecum and if necessary to obtain compulsory process from the courts. x x x"

Under this provision which speaks, inter alia, of the "cancellation of the concession, title or permit granted" the State's authority to cancel an issued title is expressly given. The authority to investigate vests in the Director of Lands. The State must of course act through its appropriate agencies - i.e., the Office of the Solicitor General and the courts - to secure the actual cancellation after observance of due process. The Honorable Supreme Court confirmed this authority when it held in *Gamao vs. Calamba* that -

"The mere fact that a patent and title have already been issued to defendant Calamba does not preclude administrative investigation by the Director of Lands, who, if he finds that there was fraud in obtaining the same, may himself or in representation of the Republic of the Philippines file an appropriate action for the cancellation of the patent and title or for the reversion of the land to the public domain, as the case may be."

Based on these premises, the amendment of government's complaints to drop the reversion aspect did not divest the State of the authority and personality to proceed with its complaints for the cancellation of the patentee's titles despite the State's admission that the lands covered by the disputed patents and titles are private in character. The State maintained sufficient interests in terms of the maintenance of the integrity of the land registration process to have standing in these cases.[54]

Public respondent cannot be faulted for presenting Atty. Tacorda, a lawyer in the Office of the Chief, Legal Services of the Bureau of Lands, under whose direction the investigation of the protest of the spouses Juan Sanga was conducted. The lawyer merely testified on the records of the Bureau of Lands relative to said investigation.

The amendment of the complaint was proper

Rule 10, Section 3 of the Rules of Court, as amended, reads:

SEC. 3. Amendments by leave of court.- Except as provided in the next preceding section, substantial amendments may be made only upon leave of court. But such leave may be refused if it appears to the court that the motion was made with intent to delay. Orders of the court upon the matters provided in this section shall be made upon motion filed in court, and after notice to the adverse party, and an opportunity to be heard.

Under its original complaint, the respondent, as plaintiff, sought the cancellation of the free patents granted to the petitioners and the torrens titles issued on the basis thereof; and the reversion of the property to the mass of the property of the public domain.

At the outset, the Bureau of Lands was of the erroneous belief that the decision of the RTC in Civil Case No. B-541 had not yet become final and executory; hence, it recommended the filing of a complaint for reversion of to the OSG. However, when the Bureau of Lands realized that the decision of the RTC in Civil Case No. B-541 had become final and executory even before the original complaint was filed, it amended its complaint and deleted the prayer for reversion but retained its action for the nullification of the free patents and titles issued to the petitioners. The amendment under the amended complaint was not substantial; nor was it intended to delay.

Public respondent no longer
has a cause of action for reversion;
neither are petitioners entitled to
claim ownership over the property

The well-entrenched rule is that when property has ceased to be public because it has been acquired by a private individual by operation of law, the Director of Lands loses jurisdiction over the said property and the State has no more title over the property.[55] In this case, public respondent no longer has a cause of action for reversion of the property against the heirs of Juan Sanga and petitioners.

The RTC had already ruled in Civil Case No. B-541 that the spouses Juan Sanga were the lawful owners of the property. Considering that petitioners and the Bureau of Lands failed to appeal the decision, the decision of the court had become final and executory. The decision of the RTC declaring the spouses Sanga the lawful owners of the property is conclusive on the petitioners and respondent Republic of the Philippines.[56] Thus, petitioners are barred from claiming ownership over the property.

IN LIGHT OF ALL THE FOREGOING, the Petition is DENIED. Costs against the petitioners.

SO ORDERED.

Panganiban, C.J., (Chairperson), Ynares-Santiago, Austria-Martinez, and Chico-Nazario, JJ., concur.

[1] Penned by Associate Justice Arturo D. Brion (now Secretary of Labor and Employment), with Associate Justices Delilah Vidallon-Magtolis (retired) and Eliezer R. de los Santos, concurring; rollo, pp. 9-34.

[2] Records, p. 525.

[3] Exhibits "A" and "A-1."

[4] CA rollo, p. 275.

[5] Records, pp. 90-91.

[6] Exhibit "F."

[7] Exhibit "D."

[8] Exhibit "B."

[9] Exhibit "C."

[10] Records, p. 547.

[11] CA rollo, p. 275.

[12] CA-G.R. No. 01094 (SP).

[13] Record, p. 527.

[14] Exhibit "F."

[15] Exhibit "G."

[16] Records, p. 523.

[17] Records, p. 523. (Underscoring supplied)

[18] Exhibit I. (Underscoring supplied)

[19] Exhibit "G-2," records, p. 530.

[20] Exhibit "C,"id. at 532-533.

[21] The recommendation reads in full:

IN VIEW HEREOF, it is therefore, recommended that appropriate steps be taken in Court for the cancellation of the certificates of title in the name of the patentees-respondents and for the reversion of the land covered thereby to state.

[22] Records, p. 4.

[23] Id. at 86-93.

[24] Id. at 92.

[25] Id. at 276. (Underscoring supplied)

[26] TSN, December 11, 1989, p. 6.

[27] Id. at 22.

[28] Id. at 29-31.

[29] Exhibit "3."

[30] TSN, December 1, 1989, pp. 51-52.

[31] Id. at 55.

[32] Id. at 53.

[33] Id. at 63-64.

[34] Id. at 66.

[35] Id. at 70.

[36] Exhibit "I"-Villamayor; records (Civil Case No. 1667-87-C).

[37] TSN, December 18, 1989.

[38] Exhibits "4" and "4-A."

- [39] Records, pp. 554-555.
- [40] CA rollo, p. 325.
- [41] Rollo, p. 74.
- [42] 109 Phil. 542 (1960).
- [43] Rollo, pp. 37-51.
- [44] Id. at 46.
- [45] CA rollo, p. 74.
- [46] Id. at 231.
- [47] Republic v. Court of Appeals, 372 Phil. 259 (1999).
- [48] Rodil Enterprises, Inc. v. Court of Appeals, G.R. No. 129609, November 29, 2001, 371 SCRA 79.
- [49] Heirs of Geronimo Restrivera v. De Guzman, G.R. No. 146540, July 14, 2004, 434 SCRA 456.
- [50] Rebolledo v. Court of Appeals, G.R. No. 81123, February 28, 1989, 170 SCRA 800; Heirs of Coscolluela, Sr., Inc. v. Rico General Insurance Corp., G.R. No. 84628, November 16, 1989, 179 SCRA 511; Nabus v. Court of Appeals, G.R. No. 91670, Feb. 7, 1991, 193 SCRA 732; De Guzman, Jr. v. Court of Appeals, G.R. Nos. 92029-30, December 20, 1990, 192 SCRA 507.
- [51] Tancuntian v. Gempesaw, G.R. No. 149097, October 18, 2004, 440 SCRA 431.
- [52] Heirs of Marciano Nagaño v. Court of Appeals, 346 Phil. 724 (1997).
- [53] Heirs of Manuel A. Roxas v. Court of Appeals, G.R. No. 118436, March 21, 1997, 270 SCRA 309.
- [54] Rollo, pp. 60-62.
- [55] Id.
- [56] De la Rama v. Judge Mendiola, G.R. No. 135394, April 29, 2003, 401 SCRA 704.

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