

VICENTE CAWIS (SUBSTITUTED BY HIS SON, EMILIO CAWIS), PEDRO BACLANGEN, FELIZA DOMILIES, IVAN MANDI-IT A.K.A. IVAN MANDI-IT LUPADIT, DOMINGO CAWIS AND GERARD LIBATIQUE, PETITIONE...

G.R. No. 170207. April 19, 2010

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This is a petition for review[1] of the 17 February 2005 Decision[2] and the 6 September 2005 Resolution[3] of the Court of Appeals (appellate court) in CA-G.R. CV No. 66685. In its 17 February 2005 Decision, the appellate court affirmed the 3 November 1999 Resolution[4] of Branch 61 of the Regional Trial Court of Baguio City (trial court), which dismissed the complaint filed by Vicente Cawis, Pedro Baclangen, Feliza Domilies, Ivan Mandi-it, Domingo Cawis, and Gerard Libatique (collectively petitioners). In its 6 September 2005 Resolution, the appellate court denied petitioners' motion for reconsideration.

The Facts

On 23 September 1957, the Department of Environment and Natural Resources (DENR), pursuant to Section 79[5] of the Public Land Act,[6] approved the sales patent application of Jose V. Andrada (Andrada) for Lot No. 47 with an area of 1,339 square meters situated within Holy Ghost Hill Subdivision in Baguio City. Sales Patent No. 1319 was issued to Andrada upon full payment of the purchase price of the lot on 20 November 1968, as evidenced by O.R. No. 459651.[7]

On 4 August 1969, Republic Act No. 6099[8] took effect. It provided that subject to certain conditions, parcels of land within the Holy Ghost Hill Subdivision, which included Lot No. 47, would be sold to the actual occupants without the necessity of a public bidding, in accordance with the provisions of Republic Act No. 730.[9]

Claiming to be the actual occupants referred to in R.A. No. 6099, petitioners protested the sales patent awarded to Andrada. The Bureau of Lands denied their protest on the ground that R.A. No. 6099, being of later passage, could no longer affect the earlier award of sales patent to Andrada. Petitioners sought reconsideration, but the Bureau of Lands denied it on 19 May 1987. Petitioners failed to appeal the adverse decision of the Bureau of Lands to any higher administrative authority or to the courts. Thus, the decision had attained finality.[10]

Sometime in 1987, private respondent Ma. Edeliza S. Peralta (Peralta) purchased Lot No. 47 from Andrada. On 28 October 1987, the Deputy Public Land Inspector, in his final report of investigation, [11] found that neither Andrada nor Peralta had constructed a residential house on the lot, which was required in the Order of Award and set as a condition precedent for the issuance of the sales patent. Apparently, it was Vicente Cawis, one of the petitioners, who had built a house on Lot No. 47.

On 13 November 1987, Sales Patent No. 1319 was nonetheless transferred to Peralta. In the Order for the Issuance of Patent,[12] the Assistant Director of Lands verified the investigation conducted by the Land Inspector, whose report was fully endorsed by the District Land Officer, that Peralta had complied with the requirements of the law regarding the construction of improvements on the land applied for. In the Order for Transfer of Sales Rights,[13] the Director of Lands confirmed that before the transfer of the sales patent to Peralta, Andrada had complied with the construction requirement. On 4 December 1987, Original Certificate of Title (OCT) No. P-1604[14] was duly issued in Peralta's name.

On 8 September 1998, petitioners filed a complaint[15] before the trial court alleging fraud, deceit, and misrepresentation in the issuance of the sales patent and the original certificate of title over Lot No. 47. They claimed they had interest in the lot as qualified beneficiaries of R.A. No. 6099 who met the conditions prescribed in R.A. No. 730. They argued that upon the enactment of R.A. No. 6099, Andrada's sales patent was deemed cancelled and revoked in their favor.

In her answer with a motion to dismiss,[16] Peralta averred that petitioners have no cause of action against her, that she obtained her title after compliance with the legal requirements, that her title was issued more than ten years prior to the filing of the complaint, that the action was a collateral attack on a title, and that even if the action was a direct attack, petitioners were not the proper parties.

The Ruling of the Trial Court

The trial court issued a Resolution dated 3 November 1999 dismissing the complaint filed by petitioners. The trial court held that reversion of title on the ground of fraud must be initiated by the government through the Office of the Solicitor General (OSG). In its 13 January 2000 Order,[17] the trial court denied petitioners' motion for reconsideration.

The Ruling of the Appellate Court

In its 17 February 2005 Decision, the appellate court affirmed the resolution of the trial court. The appellate court explained that under Section 2[18] of R.A. No. 6099, ownership of public land within the Holy Ghost Hill Subdivision was not automatically conferred on petitioners as occupants. The appellate court stated that petitioners must first apply for a sales patent in order to avail of the benefits of the law. The appellate court agreed with the trial court that petitioners had no standing to file a suit for annulment of Sales Patent No. 1319 and OCT No. P-1604. It cited Section 101[19] of the Public Land Act, which provides that only the government, through the OSG, could file an action for reversion. In its 6 September 2005 Resolution, the appellate court denied petitioners' motion for reconsideration.

The Issues

The twin issues raised by petitioners are (1) whether the actual occupants of parcels of land covered by R.A. No. 6099, which includes Lot No. 47, have standing to question the validity of the sales patent and the original certificate of title issued over Lot No. 47; and (2) whether the suit for annulment of title allegedly issued through fraud, deceit, or misrepresentation, has prescribed.

The Court's Ruling

The petition has no merit.

Petitioners contend private respondent misrepresented that there was no improvement on Lot No. 47 at the time

she filed her sales patent application when in fact, there were numerous improvements consisting of residential houses erected by them. Petitioners argue neither private respondent nor her predecessor-in-interest has introduced any improvement on Lot No. 47, which is a condition precedent before she can be a qualified awardee. Petitioners take exception to the rule that only the OSG is allowed to file a suit questioning the validity of the sales patent and the original certificate of title. As to the second issue, petitioners argue that since the sales patent and the original certificate of title are void from the beginning, the complaint filed by petitioners cannot be deemed to have prescribed.

In her Comment, private respondent asserts that petitioners have no personality to question the validity of the sales patent and the original certificate of title issued in her name. She maintains that only the government, through the OSG, may file an action for reversion on the ground of fraud, deceit, or misrepresentation. As to the second issue, private respondent claims that petitioners' annulment suit has prescribed pursuant to Section 32[20] of Presidential Decree No. 1529.[21]

At the outset, we must point out that petitioners' complaint questioning the validity of the sales patent and the original certificate of title over Lot No. 47 is, in reality, a reversion suit. The objective of an action for reversion of public land is the cancellation of the certificate of title and the resulting reversion of the land covered by the title to the State. This is why an action for reversion is oftentimes designated as an annulment suit or a cancellation suit.

Coming now to the first issue, Section 101 of the Public Land Act[22] clearly states:

SEC. 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 Republic of the Philippines.

Even assuming that private respondent indeed acquired title to Lot No. 47 in bad faith, only the State can institute reversion proceedings, pursuant to Section 101 of the Public Land Act and our ruling in *Alvarico v. Sola*. [23] Private persons may not bring an action for reversion or any action which would have the effect of canceling a land patent and the corresponding certificate of title issued on the basis of the patent, such that the land covered thereby will again form part of the public domain.[24] Only the OSG or the officer acting in his stead may do so. Since the title originated from a grant by the government, its cancellation is a matter between the grantor and the grantee. [25]

Similarly, in *Urquiaga v. CA*,[26] this Court held that there is no need to pass upon any allegation of actual fraud in the acquisition of a title based on a sales patent. Private persons have no right or interest over land considered public at the time the sales application was filed. They have no personality to question the validity of the title. We further stated that granting, for the sake of argument, that fraud was committed in obtaining the title, it is the State, in a reversion case, which is the proper party to file the necessary action.[27]

In this case, it is clear that Lot No. 47 was public land when Andrada filed the sales patent application. Any subsequent action questioning the validity of the award of sales patent on the ground of fraud, deceit, or misrepresentation should thus be initiated by the State. The State has not done so and thus, we have to uphold the validity and regularity of the sales patent as well as the corresponding original certificate of title issued based on the patent.

At any rate, the Court, in the exercise of its equity jurisdiction, may directly resolve the issue of alleged fraud in the acquisition of a sales patent although the action is instituted by a private person. In this connection, the 19 May 1987 letter of the Director of Lands to petitioner Vicente Cawis is instructive:

As to your allegation that the award in favor of applicant-respondent (Andrada) should be cancelled as he failed to introduce improvements on the land, we find the said contention to be untenable. Somewhere in your letter dated July 11, 1983, you stated that you took possession of the lot in question in the early 1950's, introduced improvements thereon, and resided therein continuously up to the present. By your own admission, it would appear that you were the ones who made it impossible for Mr. Andrada to take possession of the said lot and to improve the same. This being the case, the failure of the applicant-respondent (Andrada) to introduce improvements on the land in question is not attributable to him.

In view of the foregoing facts and circumstances, we regret to inform you that we cannot reconsider our position on this matter. It is further advised that you vacate the premises and remove all your improvements thereon so that the applicant-awardee (Andrada) can take immediate possession of the land in question.[28]

Clearly then, fraud cannot be imputed to Andrada. His supposed failure to introduce improvements on Lot No. 47 is simply due to petitioners' refusal to vacate the lot. It appears from the factual finding of the Director of Lands that petitioners are the ones in bad faith. Contrary to petitioners' claim, R.A. No. 6099 did not automatically confer on them ownership of the public land within Holy Ghost Hill Subdivision. The law itself, Section 2 of R.A. No. 6099, provides that the occupants must first apply for a sales patent in order to avail of the benefits of the law, thus:

SEC. 2. Except those contrary to the provisions of Republic Act Numbered Seven Hundred and Thirty, all other provisions of Commonwealth Act Numbered One hundred and Forty-One governing the procedure of issuing titles shall apply in the disposition of the parcels above-described to the beneficiaries of this Act.

The complaint filed by petitioners did not state that they had filed an application for a sales patent over Lot No. 47. Even if it did, an application for a sales patent could only create, at most, an inchoate right. Not being the real parties-in-interest, petitioners have no personality to file the reversion suit in this case.

Consequently, the prescription issue pertaining to the action for reversion initiated by petitioners who could not have successfully initiated the reversion suit in the first place, is now moot.

WHEREFORE, we DENY the petition for review. We AFFIRM the 17 February 2005 Decision and the 6 September 2005 Resolution of the Court of Appeals in CA-G.R. CV No. 66685.

Costs against petitioners.

SO ORDERED.

Brion, Del Castillo, Abad, and Perez, JJ., concur.

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

[2] Rollo, pp. 98-104. Penned by Associate Justice Edgardo P. Cruz, with Presiding Justice Romeo A. Brawner and Associate Justice Jose C. Mendoza, concurring.

[3] Id. at 106.

[4] Records, pp. 118-121.

[5] SEC. 79. All lots, except those claimed by or belonging to private parties and those reserved for parks, buildings, and other public uses, shall be sold, after due notice, at public auction to the highest bidder, after the approval and recording of the plat of subdivision as above provided, but no bid shall be accepted that does not equal at least two-thirds of the appraised value, nor shall bids be accepted from persons, corporations,

associations, or partnerships not authorized to purchase public lands for commercial, residential, or industrial purposes under the provisions of this Act. The provisions of Sections twenty-six and sixty-five of this Act shall be observed in so far as they are applicable. Lots for which satisfactory bids have not been received shall be again offered for sale, under the same conditions as the first time, and if they then remain unsold, the Director of Lands shall be authorized to sell them at private sale for not less than two-thirds of their appraised value.

[6] Commonwealth Act No. 141, as amended.

[7] Records, p. 31.

[8] An Act Authorizing the Sale of Fourteen Parcels of Land in the Baguio Townsite, City of Baguio.

[9] An Act to Permit the Sale Without Public Auction of Public Lands of the Republic of the Philippines for Residential Purposes to Qualified Applicants under Certain Conditions.

[10] Records, p. 35.

[11] Id. at 113-114.

[12] Rollo, p. 132.

[13] Id. at 133.

[14] Id. at 134.

[15] Records, pp. 2-9.

[16] Id. at 24-29.

[17] Id. at 134.

[18] SEC. 2. Except those contrary to the provisions of Republic Act Numbered Seven Hundred and Thirty, all other provisions of Commonwealth Act Numbered One Hundred and Forty-One governing the procedure of issuing titles shall apply in the disposition of the parcels above-described to the beneficiaries of this Act.

[19] SEC. 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 Republic of the Philippines.

[20] SEC. 32. Review of decree of registration; Innocent purchaser for value. - The decree of registration shall not be reopened or revised by reason of absence, minority, or other disability of any person adversely affected thereby, nor by any proceeding in any court for reversing judgments, subject, however, to the right of any person, including the government and the branches thereof, deprived of land or of any estate or interest therein by such adjudication or confirmation of title obtained by actual fraud, to file in the proper Court of First Instance a petition for reopening and review of the decree of registration not later than one year from and after the date of the entry of such decree of registration, but in no case shall such petition be entertained by the court where an innocent purchaser for value has acquired the land or an interest therein, whose rights may be prejudiced. Whenever the phrase "innocent purchaser for value" or an equivalent phrase occurs in this Decree, it shall be deemed to include an innocent lessee, mortgagee, or other encumbrancer for value.

Upon the expiration of said period of one year, the decree of registration and the certificate of title issued shall become incontrovertible. Any person aggrieved by such decree of registration in any case may pursue his remedy by action for damages against the applicant or any other persons responsible for the fraud.

[21] Amending and Codifying the Laws Relative to Registration of Property and for other Purposes.

[22] Commonwealth Act No. 141, as amended.

[23] 432 Phil. 792 (2002).

[24] Id.

[25] Id.

[26] 361 Phil. 660 (1999).

[27] Id.

[28] Records, pp. 31-32.

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