

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. COURT OF APPEALS, VIDAL DEL MUNDO, REGISTER OF DEEDS OF SOUTH COTABATO AND PHILIPPINE NATIONAL BANK, RESPONDENTS.

G.R. NO. 60169. March 23, 1990

Ponente: CRUZ, J.

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CRUZ, J.:

The question before the Court is hardly novel: whether or not a Homestead Patent and the Original Certificate of Title granted by virtue of the said patent can still be canceled despite the lapse of more than two years from their issuance.

On 11 March 1964, Vidal del Mundo filed with the Bureau of Lands a homestead application over the subject land, found after the survey to measure 7.3218 hectares in area. The application was approved on 1 February 1965. On 10 November 1966, after applicant del Mundo's execution of an affidavit of completion, he was granted Homestead Patent No. 114425, by virtue of which Original Certificate of Title No. P-28386 was issued in his name.

On application dated 13 May 1968, del Mundo was extended a loan by the Philippine National Bank, with the subject property as security.

On 18 February 1969, the petitioner filed the present case for reversion, alleging that the homestead patent was erroneously and fraudulently issued because del Mundo "had not occupied, improved and cultivated the land applied for to the extent and in the manner provided by the Public Land Act" and had falsely alleged in his homestead application and final proof papers that the land in question was not under the adverse and lawful claim of another.

In his answer, the private respondent declared:

that the lot in question was allocated to him by the now defendant National Land Settlement Administration (NLSA) way back in 1942 and that his actual occupation, possession and cultivation thereof began in the same year, planting the land to abaca, coffee, coconuts and fruit trees like mangoes, avocado, nangka, aside from seasonal crops; that among other things, he had constructed thereon in 1944 a farm house which he enlarged and improved when he got married in 1952; that he had paid to NLSA the amount of P140.00 as administration charges; that on April 3, 1945 he was issued a "katibayan" by the NLSA evidencing that he was allocated said lot, and that since 1950 he had been religiously paying the realty taxes over the land.

Finding for the plaintiff, the Court of First Instance of South Cotabato observed in its decision: [1]

x x x It is surprising how he failed to mention in his final proof papers the said decision of the Court of First Instance, which came out before his papers were processed in the Bureau of Lands. The Court likewise doubts defendant's claim that he was awarded said land in 1942 considering that in that year he was only 17 years old and single. But if it is true that he had occupied the land since 1942 and introduced improvements thereon, why is it that it was only in 1964 that he filed his application for patent of the land in question?

The Court is convinced from the evidence adduced during the hearing that the defendant del Mundo has misrepresented facts in his application and final proof papers leading to his obtaining the homestead patent and title. On the basis of this apparent misrepresentation, the law is clear that reversion proceedings could be filed by the Republic and the present reversion proceedings is proper and in accordance with law.

The trial court also held that PNB was a mortgagee in good faith.

Both del Mundo and the PNB appealed to the respondent Court of Appeals,[2] which reversed the trial court thus

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Despite the finding of the lower court in this case, based on the finding of the same lower court, though presided over by another Judge, in Civil Case No. 734, that the procurement of del Mundo's land patent and the issuance of the original certificate of title over the land in dispute was obtained by fraud and misrepresentations of Vidal del Mundo, the fact remains that title thus obtained and issued in the name of Vidal del Mundo can no longer be assailed under the rule of indefeasibility and incontrovertibility of torrens title after the lapse of one year from the issuance of the public land patent. In the case at bar, Homestead Patent No. 114425 over the land subject of this litigation was issued by the LRC on November 10, 1966, and OCT No. P-28386 was issued in the name of Vidal del Mundo on the same date. However, the complaint for reversion in this case was filed by the Republic only on February 18, 1969, or more than two years after the issuance of the said patent which has rendered the title so issued incontrovertible and indefeasible.[3]

In the petition now before us, the Republic of the Philippines, through the Office of the Solicitor General, claims that the challenged judgment should be reversed. It invokes the well-recognized rule that when the State seeks the reversion of a patent or title which was issued through fraud – as when the applicant misrepresents compliance with the conditions imposed by law – the defense of indefeasibility of title because of prescription does not lie.

It should be noted at the outset that respondent PNB has manifested that it is no longer interested in the outcome of the case as Vidal del Mundo's mortgage obligation with it has already been fully settled.[4] Nevertheless, the Court will consider the memorandum filed by it in the resolution of the issue before us.

There is no question that fraud was committed by Vidal del Mundo in securing his homestead patent and original certificate of title over the subject property. Even the respondent court has sustained the factual finding of the lower court on this matter. What we have to resolve is the legal issue of the indefeasibility of the patent or title by virtue of prescription.

The petitioner claims that a title founded on fraud can be canceled notwithstanding the lapse of one year from issuance thereof for the right of reversion to the State is not barred by prescription. The respondents, on the other hand, invoke the ruling in the case of *Director of Lands v. Jugado*,[5] where it was held that where more than one year had elapsed from the issuance of the disputed patent, the Director of Lands has no longer any right to contest its validity.

The applicable provisions of the Public Land Act (CA 141, as amended) reads:

Sec. 90. Every application filed under the provisions of this Act shall be made under oath and shall set forth:

xxx xxx xxx

(g) Whether all or part of the land is occupied or cultivated or improved, and by whom, giving his post-office address, and whether the land has been occupied or cultivated or improved by the applicant or his ascendant, the name of the ascendant, the relationship with him, the date and place of the death of the ascendant, the date when the possession and cultivation began, and a description of the improvements made, accompanying satisfactory evidence of the relationship of the applicant with ascendant, and of the death of the latter and descendants' left by him, in case it is alleged that he occupied and cultivated the land first; or whether there are

indications of its having been occupied, cultivated, or improved entirely or partially, and if so, in what such indications consist, whether he has made investigations as to when and by whom such improvements were made, and if so, how such investigations were made and what was the result thereof; or whether the land is not occupied, improved or cultivated either entirely or partially, and there are no indications of it having been occupied, improved, or cultivated, and in this case, what is the condition of the land.

Sec. 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 statement 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. x x x

The respondents insist that the dismissal of the action by the appellate court was proper because a period of more than two years had already elapsed when the action for reversion was instituted. In support of this view, they cite several decisions of this Court, including *Sumail v. CFI of Cotabato*, 96 Phil. 946; *Republic of the Philippines v. The Heirs of C. Carle*, 105 Phil. 1227; *Director of Lands v. Jugado*, *supra*.

For its part, the petitioner argues that the doctrine in the cases cited by the respondents does not apply to a grant tainted with fraud and secured through misrepresentation, such as the patent invoked in this case, which is null and void and of no effect whatsoever.

The petitioner invokes *Republic v. Animas*,^[6] where this Court declared that a title founded on fraud may be canceled notwithstanding the lapse of one year from the issuance thereof. Thus:

x x x The misrepresentations of the applicant that he had been occupying and cultivating the land and residing thereon are sufficient grounds to nullify the grant of the patent and title under Section 91 of the Public Land Law which provides as follows:

"The statements made in the application shall be considered as essential conditions or parts of any concession, title or permit issued on the basis of such application, and any false statement thereon or omission of facts, changing, or modifying the consideration of the facts set forth in such statement, 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. x x x"

A certificate of title that is void may be ordered cancelled. A title will be considered void if it is procured through fraud, as when a person applies for registration of the land under his name although the property belongs to another. In the case of disposable public lands, failure on the part of the grantee to comply with the conditions imposed by law is a ground for holding such title void. The lapse of the one year period within which a decree of title may be reopened for fraud would not prevent the cancellation thereof, for to hold that a title may become indefeasible by registration, even if such title had been secured through fraud or in violation of the law, would be the height of absurdity. Registration should not be a shield of fraud in securing title.

This doctrine was reiterated in *Republic v. Mina*,^[7] where Justice Relova declared for the Court:

A certificate of title that is void may be ordered canceled. And, a title will be considered void if it is procured through fraud, as when a person applies for registration of the land on the claim that he has been occupying and cultivating it. In the case of disposable public lands, failure on the part of the grantee to comply with the conditions imposed by law is a ground for holding such title void. x x x The lapse of one (1) year period within which a decree of title may be reopened for fraud would not prevent the cancellation thereof for to hold that a title may become indefeasible by registration, even if such title had been secured through fraud or in violation of the law would be the height of absurdity. Registration should not be a shield of fraud in securing title.

Justifying the above-quoted provision, the Court declared in *Piñero, Jr. v. Director of Lands*^[8]:

It is true that under Section 122 of the Land Registration Act, a Torrens title issued on the basis of a free patent or a homestead patent is as indefeasible as one judicially secured. And in repeated previous decisions of this Court that indefeasibility has been emphasized by Our holding that not even the Government can file an action for annulment, but at the same time, it has been made clear that an action for reversion may be instituted by the Solicitor General, in the name of the Republic of the Philippines. It is to the public interest that one who succeeds in fraudulently acquiring title to a public land should not be allowed to benefit therefrom, and the State should, therefore, have an even existing authority, thru its duly authorized officers, to inquire into the circumstances surrounding the issuance of any such title, to the end that the Republic, thru the Solicitor General or any other officer who may be authorized by law, may file the corresponding action for the reversion of the land involved to the public domain, subject thereafter to disposal to other qualified persons in accordance with law. In other words, the indefeasibility of a title over land previously public is not a bar to an investigation by the Director of Lands as to how such title has been acquired, if the purpose of such investigation is to determine whether or not fraud had been committed in securing such title in order that the appropriate action for reversion may be filed by the Government.

Private respondent PNB points out that Animas involved timberland, which is not alienable or disposable public land, and that in Piñero the issue raised was whether the Director of Lands would be enjoined by a writ of prohibition from investigating allegations of fraud that led to the issuance of certain free patents. Nevertheless, we find that the doctrine above-quoted is no less controlling even if there be some factual disparities (which are not material here), especially as it has been buttressed by subsequent jurisprudence.

In *Director of Lands v. Jugado*,^[9] upon which the appellate court based its ruling, the Court declared meaningfully that:

There is, however, a section in the Public Land Law (sec. 101 of Commonwealth Act 141), which affords a remedy whereby lands of the public domain fraudulently awarded may be recovered or reverted back to its original owner, the Government. But the provision requires that all such actions for reversion 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 (See *Director of Lands v. De Luna*, supra). As the party in interest in this case is the Director of Lands and not the Republic of the Philippines, the action cannot prosper in favor of the appellant.

The reference was to the Public Land Law which authorizes the reversion suit under its Sec. 101, thus:

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.

This remedy was recently affirmed by the Court in *Heirs of Gregorio Tengco v. Heirs of Jose and Victoria Aliwalas*,^[10] thus:

x x x Title to the property having become incontrovertible, such may no longer be collaterally attacked. If indeed there had been any fraud or misrepresentation in obtaining the title, an action for reversion instituted by the Solicitor General would be the proper remedy.

Hence, the present Petition is quite proper.

The PNB having manifested that it has already collected the loan extended to del Mundo, its mortgage obligations, we find it no longer necessary to rule on its argument that it is a mortgagee in good faith and entitled to its lien on the subject property.

The following quotation is a fitting conclusion to the resolution of this case:

We start the premise that appellant acquired the patent and Torrens title through fraud. Appellant clings to the

legal fiction of indefeasibility of a Torrens title. But piercing the shard of his paper title, we find that appellant has no equitable right to the possession of the land covered thereby. He can not use that title as a shield to perpetuate fraud. Our reason is that no amount of legal technicality may serve as a solid foundation for the enjoyment of the fruits of the fraud. *Fraus et jus nunquam cohabitant*.^[11]

WHEREFORE, the petition is GRANTED and judgment is rendered as follows:

- (a) The decision of the respondent court is SET ASIDE;
- (b) Homestead Patent No. V-114425 and the corresponding Original Certificate of Title No. (P-28386), P-10854 are declared NULL and VOID;
- (c) The Register of Deeds of South Cotabato is DIRECTED to cancel Original Certificate of Title No. (P-28386) P-10854 in the name of Vidal del Mundo; and
- (d) The land in question is REVERTED to the public domain:

SO ORDERED.

Narvasa, (Chairman), Gancayco, and Medialdea, JJ., concur.
Griño-Aquino, J., no part.

[1] Decided by Judge Isidro C. Borromeo; Original Records, pp. 17-22.

[2] German, J., with Griño-Aquino and Mendoza, JJ., concurring.

[3] Rollo, pp. 20-26.

[4] Ibid., p. 170.

[5] 2 SCRA 32.

[6] 56 SCRA 499.

[7] 114 SCRA 945.

[8] 57 SCRA 386.

[9] Supra.

[10] 168 SCRA 198.

[11] *Acot, et al. v. Kempis, et al.*, 55 O.G. 2907.

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