

REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE DIRECTOR OF LANDS, PETITIONER, VS. HONORABLE MARIANO M. UMALI, IN HIS CAPACITY AS PRESIDING JUDGE, REGIONAL TRIAL COURT, FOURTH J...

G.R. No. 80687. April 10, 1989

Ponente: CRUZ, J.

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CRUZ, J.:

The petitioner seeks reversion of a parcel of land on the ground that the original sale thereof from the government was tainted with fraud because based on a forgery and therefore void ab initio. The present holders of the property claiming to be innocent purchasers for value and not privy to the alleged forgery, contend that the action cannot lie against them.

The land in question is situated in Tanza, Cavite, and consists of 78,865 square meters.[1] It was originally purchased on installment from the government on July 1, 1910 by Florentina Bobadilla, who allegedly transferred her rights thereto in favor of Martina, Tomasa, Gregorio and Julio, all surnamed Cenizal, in 1922.[2] Tomasa and Julio assigned their shares to Martina, Maria and Gregorio.[3] In 1971 these three assignees purportedly signed a joint affidavit which was filed with the Bureau of Lands to support their claim that they were entitled to the issuance of a certificate of title over the said land on which they said they had already made full payment.[4] On the basis of this affidavit, the Secretary of Agriculture and Natural Resources executed Deed No. V-10910 (Sale Certificate No. 1280) on September 10, 1971, in favor of the said affiants.[5] Subsequently, on October 13, 1971, TCT No. 55044 (replacing Bobadilla's OCT No. 180) was issued by the register of deeds of Cavite in favor of Maria Cenizal, Gregorio Cenizal, and (in lieu of Martina Cenizal) Rosalina Naval, Luz Naval, and Enrique Naval.[6]

When the complaint for reversion was filed on October 10, 1985, the registered owners of the land, following several transfers, were Remedios Miclat under TCT No. 80392, Juan C. Pulido under TCT No. 80393, and Rosalina, Luz and Enrique Naval under TCT No. 80394.[7] They were named as defendants and asked to return the property to the State on the aforesated ground of forgery and fraud. The plaintiff claimed that Gregorio Cenizal having died on February 25, 1943, and Maria Cenizal on January 8, 1959, they could not have signed the joint affidavit dated August 9, 1971, on which Deed No. V-10910 (Sale Certificate No. 1280) was based. [8]

In their answer, Puiido and the Navals denied any participation in the joint affidavit and said they had all acquired the property in good faith and for value. By way of affirmative defenses, they invoked estoppel, laches, prescription and res judicata.[9] For her part, Miclat moved to dismiss the complaint, contending that the government had no cause of action against her because there was no allegation that she had violated the plaintiff's right, that the government was not the real party-in-interest because the subject land was already covered by the Torrens system, and that in any event the action was barred by prescription or laches.[10]

The respondent court, in its order dated October 2, 1987, granted the motion.[11] The petitioner, contesting this

order, now insists that it has a valid cause of action and that it is not barred by either prescription or res judicata.

The Court will observe at the outset that the joint affidavit is indeed a forgery. Apart from the fact that two of the supposed affiants were already dead at the time they were supposed to have signed the sworn statement, even the most cursory examination of the document will show that the three signatures affixed thereto were written by one and the same hand.[12] There is no doubt about it. It is indeed difficult to understand how such an obvious forgery could have deceived the people in the Bureau of Lands who processed the papers of this case and made possible the fraudulent transfer of the land.

But given such deception, would the sale itself be considered null and void from the start, as the petitioner insists, so as to make all titles derived therefrom also ineffectual ab initio?

We agree with the contention that there is no allegation in the complaint[13] filed by the petitioner that any one of the defendants was privy to the forged joint affidavit or that they had acquired the subject land in bad faith. Their status as innocent transferees for value was never questioned in that pleading. Not having been disproved, that status now accords to them the protection of the Torrens system and renders the titles obtained by them thereunder indefeasible and conclusive. The rule will not change despite the flaw in TCT No. 55044.

Section 39 of the Land Registration Act clearly provided:

Sec. 39. Every person receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land who takes a certificate of title for value in good faith shall hold the same free of all encumbrance except those noted on said certificate.

The rulings on this provision are indeed as numerous as they are consistent:

Thus, under Section 44 of P.D. 1529 (then Sec. 39 of the Land Reg. Act), every registered owner receiving a certificate of title in pursuance of a decree of registration, and every subsequent purchaser of registered land taking a certificate of title for value and in good faith, shall hold the same free from all encumbrances except those noted on the certificate and any of the encumbrances which may be subsisting, and enumerated in the law. Under said provision, claims and liens of whatever character, except those mentioned by law as existing against the land prior to the issuance of certificate of title, are cut off by such certificate if not noted thereon, and the certificate so issued binds the whole world, including the government.[14]

x x x

A holder in bad faith is not entitled to the protection of Sec. 39 of the Land Registration Act. [15]

x x x

The real purpose of the Torrens system of land registration is to quiet title to land; to put a stop forever to any question of the legality of the title, except claims which were noted at the time of registration in the certificate, or which may arise subsequent thereto. That being the purpose of the law, it would seem that once the title was registered, the owner might rest secure, without the necessity of waiting in the portals of the court, or sitting in the "mirador de su casa," to avoid the possibility of losing his land.[16]

The decision in *Piñero v. Director of Lands*[17] is not applicable to the present proceeding because the lands involved in that case had not yet passed to the hands of an innocent purchaser for value. They were still held by the Piñeros. The action for reversion was filed by the government against them as the original transferees of the properties in question. They were the direct grantees of the free patents issued by the government pursuant to which the corresponding certificates of title were issued under the Torrens system. The fraud alleged by the government as a ground for the reversion sought was imputable directly to the Piñeros, who could not plead the status of innocent purchasers for value.

The difference between them and the private respondents is that the latter acquired the land in question not by direct grant but in fact after several transfers following the original sale thereof to Bobadilla in 1910. The presumption is that they are innocent transferees for value in the absence of evidence to the contrary. The petitioner contends that it was Pedro Miclat who caused the falsification of the joint affidavit, but that is a bare and hardly persuasive allegation, and indeed, even if true, would still not prove any collusion between him and the private respondents. The mere fact that Remedios Miclat was the daughter and heiress of Miclat, without more, would not necessarily visit upon her the alleged sins of her father.

The Solicitor General also argues that Remedios is an extension of the juridical personality of her father and so cannot claim to be an innocent purchaser for value because she is charged with knowledge of her father's deceit. Such conclusion has no basis in fact or law. Moreover, there is evidence that Remedios did not merely inherit the land but actually purchased it for valuable consideration and without knowledge of its original defect. The agreement to subdivide,[18] which she presented to show that she had acquired the land for valuable consideration, is more acceptable than the conjectures of the petitioner. It is also consonant with the presumption of good faith.

The land being now registered under the Torrens system in the names of the private respondents, the government has no more control or jurisdiction over it. It is no longer part of the public domain or, as the Solicitor General contends - as if it made any difference - of the Friar Lands. The subject property ceased to be public land when OCT No. 180 was issued to Florentina Bobadilla in 1910 or at the latest from the date it was sold to the Cenizals in 1971 upon full payment of the purchase price. As private registered land, it is governed by the provisions of the Land Registration Act, now denominated the Property Registration Decree, which applies even to the government.

The pertinent provision of the Land Registration Act was Section 122, which read as follows:

Sec. 122. Whenever public lands in the Philippine Islands belonging to the Government of the United States or to the Government of the Philippine Islands are alienated, granted, or conveyed to persons or to public or private corporations, the same shall be brought forthwith under the operation of this Act and shall become registered lands. [19]

This should be related to Section 12 of the Friar Lands Act, providing thus:

Sec. 12. x x x upon the payment of the final installment together with all accrued interest, the Government will convey to such settler and occupant the said land so held by him by proper instrument of conveyance, which shall be issued and become effective in the manner provided in section one hundred and twenty-two (Sec. 122) of the Land Registration Act.

The petitioner claims that it is not barred by the statute of limitations because the original transfer of the land was null and void ab initio and did not give rise to any legal right. The land therefore continued to be part of the public domain and the action for this reversion could be filed at any time. The answer to that is the statement made by the Court in *Heirs of Tanak Pangawaran Patiwayan v. Martinez*[20] that "even if respondent Tagwalan eventually is proven to have procured the patent and the original certificate of title by means of fraud, the land would not revert back to the State," precisely because it has become private land. Moreover, the petitioner errs in arguing that the original transfer was null and void ab initio, for the fact is that it is not so. It was only voidable. The land remained private as long as the title thereto had not been voided, but it is too late to do that now. As the Court has held in *Ramirez vs. Court of Appeals*.[21]

A certificate of title fraudulently secured is not null and void ab initio, unless the fraud consisted in misrepresenting that the land is part of the public domain, although it is not. In such case the nullity arises, not

from the fraud or deceit, but from the fact that the land is not under the jurisdiction of the Bureau of Lands. Inasmuch as the land involved in the present case does not belong to such category, OCT No. 282-A would be merely voidable or reviewable (*Vda. de Cuaycong vs. Vda de Sengbengco*, 110 Phil. 113): (1) upon proof of actual fraud; (2) although valid and effective, until annulled or reviewed in a direct Proceeding therefor (*Legarda vs. Saleeby*, 31 Phil. 590), not collaterally (*Soroñgon vs. Makalintal*, 80 Phil. 259, 262; *Director of Lands vs. Gan Tan*, 89 Phil. 184; *Henderson vs. Garrido*, 90 Phil. 624, 630; *Samonte vs. Sambilon*, 107 Phil. 198, 200); (3) within the statutory period therefor (Sec. 38, Act 496; *Velasco vs. Gochuico*, 33 Phil. 363; *Delos Reyes vs. Paterno*, 34 Phil. 420; *Snyder vs. Provincial Fiscal*, 42 Phil. 761, 764; *Reyes vs. Borbon*, 50 Phil. 791; *Clemente vs. Lukban*, 53 Phil. 931; *Sugayan vs. Solis*, 56 Phil. 276, 279; *Heirs of Lichauco vs. Director of Lands*, 70 Phil. 69); (4) after which, the title would be conclusive against the whole world, including the Government (*Legarda vs. Saleeby*, 31 Phil. 590, 596; *Central Capiz vs. Ramirez*, 40 Phil. 883; *J. M. Tuason vs. Santiago*, 99 Phil. 615):

And as we declared in *Municipality of Hagonoy vs. Secretary of Agriculture and Natural Resources*:^[22]

x x x. Once a patent is registered and the corresponding certificate of title is issued, the land ceases to be part of public domain and becomes private property over which the director of Lands has neither control nor jurisdiction. A public land patent, when registered in the corresponding Register of Deeds, is a veritable Torrens Title, and becomes as indefeasible as Torrens Title upon the expiration of one (1) year from the date of issuance thereof. Said title is, like one issued pursuant to a judicial decree, subject to review within one (1) year from the date of the issuance of the patent. Beyond said period, the action for the annulment of the certificate of title issued upon the land grant can no longer be entertained. (Emphasis supplied).

It is worth observing here that in two earlier cases, the private respondents were challenged by the heirs of Matilde Cenizal Arguson but both were dismissed and the titles of the registered owners were confirmed by the trial court.^[23] This decision was later sustained by this Court.^[24] While this is not to say that the present petition is barred by *res judicata*, as the government was not a party in these cases, it does suggest that the issue it wants to rake up now has long been settled. It should not be the subject of further judicial inquiry, especially at this late hour. Litigation must stop at some point instead of dragging on interminably.

The Torrens system was adopted in this country because it was believed to be the most effective measure to guarantee the integrity of land titles and to protect their indefeasibility once the claim of ownership is established and recognized. If a person purchases a piece of land on the assurance that the seller's title thereto is valid, he should not run the risk of being told later that his acquisition was ineffectual after all. This would not only be unfair to him. What is worse is that if this were permitted, public confidence in the system would be eroded and land transactions would have to be attended by complicated and not necessarily conclusive investigations and proof of ownership. The further consequence would be that land conflicts could be even more numerous and complex than they are now and possibly also more abrasive if not even violent. The government, recognizing the worthy purposes of the Torrens system, should be the first to accept the validity of titles issued thereunder once the conditions laid down by the law are satisfied. As in this case.

We find that the private respondents are transferees in good faith and for value of the subject property and that the original acquisition thereof, although fraudulent, did not affect their own titles. These are valid against the whole world, including the government.

ACCORDINGLY, the petition is DENIED, without any pronouncement as to costs. It is so ordered.

Narvasa, (Chairman), Gancayco, Griño-Aquino, and Medialdea, JJ., concur.

[1] Rollo, p. 9.

[2] Ibid.

[3] Id.

[4] Id.

[5] Id., p. 51.

[6] Id., p. 35.

[7] Id., pp. 45, 48.

[8] Id., p. 46.

[9] Id., p. 59.

[10] Id., pp. 61-62.

[11] Id., pp. 40-41.

[12] Id., p. 50.

[13] Id., p. 83.

[14] National Grains Authority vs. Intermediate Appellate Court, 157 SCRA 380-381

[15] Ignacio vs. Chua Hong, 52 Phil. 940.

[16] Legarda vs. Saleeby, 31 Phil. 590.

[17] 57 SCRA 386.

[18] Rollo, p. 45.

[19] Sec. 103, P.D. 1529

[20] 142 SCRA 252.

[21] 30 SCRA 301.

[22] 73 SCRA 507.

[23] Rollo, p. 10.

[24] Ibid.

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