

SECOND DIVISION

[G.R. No. 198832, January 13, 2021]

**REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. SPS.
VIRGILIO AND ANNA RAMIREZ LONTOK, RISING SUN MOTORS
CORPORATION, AND THE REGISTER OF DEEDS OF LOS BAÑOS
AND SANTA CRUZ, LAGUNA, RESPONDENTS.**

DECISION

GESMUNDO, J.:

Before Us is a Petition for Review on *Certiorari*^[1] assailing the September 29, 2011 Decision^[2] of the Court of Appeals (CA) in CA-G.R. CV No. 86968. The CA affirmed the January 26, 2006 Decision^[3] of the Regional Trial Court, Santa Cruz, Laguna, Branch 91 (RTC) which dismissed the complaint filed by petitioner Republic of the Philippines (*the Republic*) for failure to state a cause of action.

Antecedents

The CA summarized the facts as follows:

On 30 May 1986, Anna R. Lontok (*A. Lontok*) was granted Free Patent No. (IV-2) 27332 by the Department of [Environment and] Natural Resources thru the Bureau of Lands, NR District No. IV-2, Los Baños, Laguna over a parcel of land located at Banca-Banca, Victoria, Laguna more particularly described as Lot No. 97-A CSD-04-005006 (Cad/Pls No. 420- D) with a total area of 2,180 sq. meters (*subject property, for brevity*). On even date, defendant-appellee A. Lontok was issued Original Certificate of Title (OCT) No. P-8554 by the Registry of Deeds of the Province of Laguna.

On 11 November 1991, A. Lontok sold 1,623 sq. meter portion of the subject property to defendant-appellee The Rising Sun Motors Corporation (*defendant-appellee Rising Sun*), represented by its president Napoleon A. Dator, Jr. As a consequence, OCT No. P-8554 was cancelled insofar as the 1,623 sq. meter portion was concerned and Transfer Certificate of Title (TCT) No. T-129346 was issued by the Registry of Deeds of the Province of Laguna to defendant-appellee Rising Sun on 25 November 1991. Defendant-appellee Rising Sun, thereafter, occupied the property covered by TCT No. T-129346.

It appears on record that OCT No. P-8554 had been totally cancelled by TCT No. T-129346 and TCTs Nos. 129354-55, but no other information exists as to the specificity of the two latter titles.

On 19 January 1994, the heirs of Sps. Juanito Armando and Rizalina

Bartolome (*protestants*) filed a formal protest before the Department of Environment and Natural Resources (DENR) - Manila against the issuance of the free patent in A. Lontok's name. Protestants' allegations was summarized by the DENR-Manila as follows:

[T]hat protestants are the children of the late spouses Dr. Juanito Armando Bartolome and Rizalina Sison; that upon the death of their late father, he left a parcel of land situated in Banca-Banca, Victoria, Laguna with an area of .310 hectare, of which .2980 hectare is agricultural and 200 square meters is residential; that the agricultural portion of the land is devoted to coconuts, lanzones, star apple and avocado; that said parcel of land is covered by a tax declaration and that realty taxes thereon had been paid up to the year 1993, as shown by the Certification issued by the Municipal Treasurer of Victoria, Laguna dated January 10, 1994; that protestants' father acquired the land in turn from his late father Juan Bartolome by way of his last will dated October 19, 1936 probated by the court in SP No. 3539; that the protestants' ownership of property was attested by Monina Corcuera, daughter of Eduardo Gutierrez, the former overseer of the property in an Affidavit dated October 19, 1993 and by Estelita Sangalang, an [adjoining] landowner in an Affidavit dated January 4, 1994; that the cadastral survey of Victoria, Laguna Cad-427-D was surveyed in the name of Juanito Armando as Lot No. 97, Cad-427-D with an area of 2,980 square meters; that on February 28, 1986, the District Land Officer of Land District IV-2, upon request of respondents, issued Survey Authority No. 248-86 to subdivide Lot 97, Cad. 427 D-situated in Banca-Banca, Victoria, Laguna; that pursuant to the survey authority, the respondents caused the subdivision of Lot 97, Cad. 427-D into Lots 97-A and 97-B under plan Csd-04-005006 approved by the Lands Regional Director on March 18, 1986; that subsequent thereto, respondent Anna Ramirez Lontok filed with the District Land Office of Los Baños, Laguna, Free Patent Application No. 20722 covering Lot No. 97-A with an area of 2,180 sq. meters; that after final investigation report was duly submitted by Land Inspector Rogelio Diamante, Free Patent No. 27332 was issued on May 30, 1986 which was registered on even date with the Register of Deeds. x x x

Investigation ensued, and on 18 January 1995, a Resolution was issued by the DENR-Manila thru its Regional Executive Director for Region IV-A, Antonio G. Principe, recommending the cancellation of A. Lontok's Free Patent No. (IV-2) 27332 and Original Certificate of Title No. P-8554. The pertinent portion of the Resolution reads:

x x x x

Based on the investigation/ocular inspection

conducted (sic) it was evident that protestants through their predecessors-in-interest have proven substantially their claim of ownership over the controverted Lot No. 97-A. The fact of their possession of a portion thereof does not preclude them from claiming the whole lot identified as Cad Lot No. 97, since the subsequent sub-division was without the protestants' knowledge.

WHEREFORE, premises considered, it is hereby, as it is, ordered that a CANCELLATION proceeding be instituted against Free Patent No. 27332 and Original Certificate of Title No. P-8554 issued in the name of Anna Ramirez Lontok over Lot 97-A and such other title/s emanating from the FP of Lontok by this Office in accordance with the Office of the Solicitor General.

SO ORDERED.

On 17 July 1998, the Republic thru the Office of the Solicitor General (OSG) filed a Complaint for Annulment of Patent and Cancellation of Title against the Spouses Virgilio and A. Lontok (*Spouses Lontok*) and defendant-appellee Rising Sun *docketed* as SC 3723. It was alleged in the Complaint that a protest was filed by the Heirs of the Spouses Juanita Armando and Rizalina Bartolome against the issuance of A. Lontok's Free Patent No. (N-2) 27332, and which protest was subject of an administrative investigation by the DENR-Manila. It was further alleged in the Complaint that: (1) protestants, together with their predecessors-in-interest have been in continuous and adverse possession of the subject property since time immemorial; (2) A. Lontok committed fraud and misrepresentation in her free patent application when she claimed that she had complied with all the cultivation and residence requirement of the free patent law, when in fact she was not in possession of the subject property; and (3) A. Lontok's misrepresentation constitutes sufficient ground for the cancellation of the patent and the corresponding title issued to her under the mandate of Section 91 of the Public Land Act. The Republic prayed for the following reliefs:

x x x x

1. Declaring Free Patent No. (IV-2) 27332 and Original Certificate of Title No. P-8554 in the name of defendant Anna Ramirez Lontok, TCT No. T-129346 in the name of defendant Rising Sun Motors Corporation, and all other derivative titles, in [sic] any, null and void ab initio;
2. Ordering defendants Anna Ramirez Lontok and Rising Sun Motors Corporation to surrender their respective owners' duplicate certificates of title to the Register of Deeds of Laguna and the latter to cancel the same as well as all other derivative titles, if any; and

3. Ordering the reversion of land covered by the aforesaid patent and titles to the mass of the public domain under the administration and disposition of the Director of Lands.

x x x x

On 17 December 1998, defendant-appellee Rising Sun filed its Answer with Counterclaim denying the allegations in the Complaint and countered that it was a buyer in good faith and is not aware of any imperfection in A. Lontok's title to the subject property. Rising Sun also alleged, among others, that (1) the Republic has no cause of action against it; (2) the cause of action had prescribed or barred by the statute of limitations since the Free Patent No. (IV-2) 27332 and OCT No. P-8554 was issued to A. Lontok on 30 May 1986; (3) the court has no jurisdiction over the subject matter or nature of the action; (4) that the cause of action had been barred by prior judgment/order and thus, constitutes *res judicata*; and (5) the Republic is guilty of forum shopping.

On 18 December 1998, the Spouses Lontok filed their Answer with Compulsory Counterclaim claiming regularity in the issuance of Free Patent No. 27332 on 30 May 1986. In their defense, the Spouses Lontok alleged, among others, that the Republic had not been candid with the court as it failed to mention that it had filed a similar case before the Municipal Trial Court of Victoria[,] Laguna on 26 December 1996.

On 1 February 2000, the court *a quo* issued a Pre-Trial Order defining the issues of the case, as follows:

x x x x

1. Whether plaintiff has a cause of action against defendants;
2. Whether the Court has jurisdiction over the subject matter, or nature of the action;
3. Whether free patent (sic) No. (IV-2) 27332 and original certificate of title (sic) No. P-8554 are null and void ab initio;
4. Whether the defendant corporation is a purchaser in good faith;
5. Whether the plaintiff is guilty of Forum Shopping;
6. Whether the cause of action of the plaintiff had prescribed or barred by the statute (sic) of Limitations, since the original certificate of title (free patent) was issued on 30 May 1986;

7. Whether the cause of action had been barred by prior judgment (principle of *res judicata*) in Civil Cases No. SC 3042, RTC, Branch 27, SC-No. 3397 RTC Branch 91 (sic).
x x x

During the proceedings *a quo*, a Motion to Withdraw Appearance dated 29 October 2001 was filed by Spouses Lontok's counsel, Atty. Antonio Oliva, citing irreconcilable differences in the handling of the case. He also stated that the consent of the Spouses Lontok was not obtained and that the latter had manifested their financial constraints in paying for his services. Nothing on record shows that Atty. Oliva's Motion to Withdraw Appearance was acted upon by the court *a quo*. Records disclosed that as of 18 January 2002, there was no appearance in court of the Spouses Lontok.^[4] (citations omitted)

The RTC Ruling

In its Decision dated January 26, 2006, the RTC dismissed the case for the Republic's failure to establish its cause of action, thus:

WHEREFORE, premises considered, for failure of the plaintiff to establish its cause of action against the defendants, the instant case is hereby DISMISSED and no damages are awarded as the plaintiff is representing the Government. Defendants spouses Virgilio and Anna Ramirez-Lontok, Rising Sun Motors Corporation, rep. by Napoleon A. Dator, Jr., the registered owners of the respective portions of the land, subject matter of this case are entitled to the lawful ownership, possession and enjoyment thereof. Defendant's counterclaim for other damages is likewise dismissed for lack of sufficient basis.

SO ORDERED.^[5]

The trial court held that based on the findings of the Department of Environment and Natural Resources (*DENR*), the subject property is private in character, to which an action for reversion shall not avail.

The CA Ruling

On appeal, the CA affirmed the RTC and noted that the Republic had asserted in its appellant's brief that the subject property is considered private land, to wit:

[A]ppellee Spouses Lontok should not have been granted a patent as the subject property had been considered private in nature in favor of the protestants led by Melinda Bartolome-Orosa thereby necessitating the cancellation of said patent and its concomitant title in the name of respondent Anna Ramirez Lontok and now Rising Sun.^[6]

The CA held that the above statement, in conjunction with its allegations in the complaint that the heirs of Dr. Juanita Bartolome and Rizalina Sison (*Spouses Bartolome*) and their predecessors-in-interest have been in continuous and adverse possession of the subject property since time immemorial, indicates that the subject property is actually private in nature. Accordingly, the complaint filed by the Republic failed the test for the sufficiency of a cause of action.