

## **THIRD DIVISION**

**[ G.R. No. 216597, August 26, 2020 ]**

**EMILIANA J. ESGUERRA, SUBSTITUTED BY HER HEIRS,  
PETITIONERS, VS. SPOUSES TEOFILO IGNACIO AND JULITA V.  
IGNACIO, SPOUSES RAUL GIRAY JAPSON AND TEODORA ALIDO  
JAPSON, AND ASIA CATHAY FINANCE AND LEASING  
CORPORATION, RESPONDENTS.**

**[G.R. No. 216668]**

**HEIRS OF REGINA PANGANIBAN REPRESENTED BY: DOMINADOR  
PANGANIBAN, JR., PETITIONERS, VS. JULITA IGNACIO,  
RESPONDENT.**

### **DECISION**

**GESMUNDO, J.:**

By these consolidated appeals by *certiorari*, petitioners assail the Decision<sup>[1]</sup> and Resolution<sup>[2]</sup> promulgated on September 24, 2014 and January 5, 2015, respectively, by the Honorable Court of Appeals (CA) in CA-G.R. CV No. 98910, whereby the appellate court reversed and set aside the February 23, 2012 Decision<sup>[3]</sup> of the Regional Trial Court, City of Malolos, Bulacan, Branch 19 (RTC) in Civil Case No. 64-M-2004 and ordered the dismissal of the complaint for Cancellation of Titles, Declaration of Ownership, Reconveyance and Damages.

### **The Antecedents**

The CA summarized the factual and procedural milieu of the case, thus:

On 29 January 2004, plaintiff-appellee filed a complaint for Cancellation of Titles, Declaration of Ownership, Reconveyance and Damages against defendants-appellants. She claimed that an 877 sq.m. portion of her 2,988 sq. m. parcel of land that is part of Lot 1347 of Pulilan Cadastre located at Dampol 1<sup>st</sup>, Pulilan, Bulacan was mistakenly encompassed in Lot 1788 covered by OCT No. P-2142 which is a free patent title issued in the name of defendants-appellants.

Plaintiff-appellee alleged that she inherited the land from her uncle, Macario Cruz, sometime in 1970. This property is adjacent to Lot 1788 Cad. 345 Pulilan Cadastre that is owned in common by Marciana Reyes, Ursula Reyes and Regina Panganiban, and the lots are segregated by trees and hedges that serve as a common fence. On 25 February 1976, plaintiff-appellee sold a 187.5 sq.m. portion of her property to Arturo Eusebio which he uses as a right of way up to the present.

Sometime in the 1990s, plaintiffs-appellee learned that Lot 1788 was sold to defendants-appellants. Spouses Ignacio who immediately applied for and obtained a free patent title OCT No. P-2142, for a parcel of land covering an area of 7,388 sq.m. However, in 1995, she discovered that a portion of her property and the right of way that was sold to Eusebio were encompassed by the lot of defendants-appellants Spouses Ignacio. Consequently, in May 1996, plaintiff-appellee and Eusebio filed a protest before the Department of Environment and Natural Resources (DENR) contesting the issuance of OCT No. P-2142 to Spouses Ignacio. A survey was conducted by Engr. Librado R. Gellez which confirmed that indeed, a portion of plaintiff-appellee's property, including Eusebio's right of way, were mistakenly encompassed in the property covered by OCT No. P-2142. The DENR then wrote a letter dated 11 August 1998 to the Office of the Solicitor General (OSG) recommending the cancellation of OCT No. P-2142, but no action was taken by the OSG. After following up the matter with DENR in August 2003, plaintiff-appellee was advised to file an action for cancellation of title by herself. She first sought barangay conciliation before the Lupon, but it was not successful. On 21 November 2003, plaintiff-appellee's son (Cenon Esguerra) went to the Register of Deeds of Bulacan to register a Notice of Lis Pendens. He discovered that OCT No. P-2142 has already been cancelled and subdivided into two (2) sublots, namely: a) TCT No. T-152003 which was mortgaged with Asia-Cathay Finance Leasing Corporation on 11 April 2002, and b) TCT No. T-152004 which was sold to Sps. Japson on 05 September 2003 and thus, replaced with TCT No. T-181601. Plaintiff-appellee eventually filed the instant action of Cancellation of Titles, Declaration of Ownership, Reconveyance, and Damages with respect to the 877 sq.m. portion that she was claiming.

After learning of the filing of this action, the heirs of Regina Panganiban designated in her Last Will and Testament filed a Complaint-in-Intervention against defendants-appellants Ignacio claiming that the latter applied for and acquired the land covered by OCT No. P-2142 through fraud. They alleged that defendants-appellants Ignacio used a forged Deed of Absolute Sale dated 15 February 1994 in their favor. This is evidently a falsified document because Regina died on 10 March 1982. The heirs of Regina thus joined plaintiff-appellee in the action for cancellation of OCT No. P-2142 and its derivative titles and prayed for the reconveyance of the shares of Regina.

On the other hand, defendants-appellants Sps. Ignacio contended that plaintiff-appellee could not have been an heir of Macario Cruz because the latter had several children; and in fact, had no will at all. Moreover, a mere tax declaration cannot convincingly prove his ownership. During her testimony, however, it was admitted that there is an existing right of way that is being used by Eusebio, and that there are mango trees that apparently served as boundaries of the adjacent properties.

On account of the Complaint-in-Intervention, defendants-appellants filed a Third-Party Complaint against the Heirs of Regina, who are also the Heirs of Felisa Panganiban from whom they bought Lot 1788. It is claimed that the aforementioned property was owned by Marciana Reyes

to the extent of one-half, and the other half was owned by Ursula Reyes and Regina Panganiban. When Ursula died, the heirs sold this half share to Regina; thus, Regina's interest is only one-half. According to defendants-appellants, it was intervenor-appellee Dominador Panganiban, Jr. (Regina's nephew), his son and third party defendant-appellee Luisito Panganiban, and Felisa (Regina's sister) who offered to sell Regina's half share to them and represented that they had authority to do so. Felisa then executed a *Pagpapatunay* dated 12 November 1993 attesting to the transfer of Regina's share to spouses Ignacio for a consideration of Three Hundred Seventy Thousand Pesos (P370,000.00). Thereafter, an Assignment of Rights, Interest and Participation dated 10 May 1994 was executed between defendants-appellants, Felisa and all the heirs of Marciana Reyes. Similarly, the Heirs of Marciana Reyes also sold their half share and executed a *Kasunduan sa Pagbili ng Lupa na may Paunang Bayad* with defendants-appellants on 05 February 1994 for a consideration of Five Hundred Sixty Nine Thousand Pesos (P569,000.00).

Defendants-appellants claimed good faith and non-participation in the processing of their title because it was Dominador, Luisito and Felisa who arranged and processed the issuance of the free patent title in their (Spouses Ignacio) behalf. They only paid Felisa the consideration for the sale of the property. Be that as it may, defendants-appellants Ignacio aver that even after the sale and issuance of OCT No. P-2142, intervenors-appellees have never questioned the transaction and the consequent ownership of defendants-appellants over the property until plaintiff-appellee, who is a relative of intervenors-appellees, filed her complaint for cancellation of title and recovery of ownership.<sup>[4]</sup>

### **Judgment of the RTC**

After trial, the RTC ruled in favor of Esguerra and heirs of Regina Panganiban. In doing so, the RTC found that there was, indeed, a mistake in the application of the free patent as it included an 877-sq.m. portion of Lot 1347 which was owned by Esguerra. Even the DENR admitted that the free patent inadvertently encroached on Lot 1347 to the extent Esguerra claimed. On this basis, the RTC declared OCT No. P-2142, together with the derivative titles, as null and void.

Further, the trial court noted that the non-encroaching portions of OCT No. P-2142 are owned in common by the heirs of Regina Panganiban and Spouses Ignacio being the successors-in-interest of Regina Panganiban and Marciana Reyes. The dispositive portion reads:

**WHEREFORE**, judgment is hereby rendered as follows:

1. The Free Patent awarded to the defendants Spouses Ignacio is hereby ordered annulled and voided;
2. OCT No. P-2142 issued in the name of defendants Spouses Teofilo Ignacio and Julita Ignacio and its derivative titles Nos. 152003 and 152004 (admitted by Julita Ignacio to have been sold/mortgaged but reconveyed to them) and any such derivative titles are declared

null and void;

3. Ordering the segregation to the extent of 877 square meters from Lot No. 1788-Cad 345 Pulilan Cadastre adjacent to Lot 1347 rightfully and legally owned by plaintiff and Arturo Eusebio as successor-in-interest on the road right of way;
4. After segregation of 877 square meters, ordering the partition of Lot No. 1788 Cad 345 Pulilan Cadastre into two: One half (1/2) share in favor of the heirs of Regina Panganiban and the other one half (1/2) share of defendants Spouses Ignacio as successors-in-interest of Marciana Reyes;
5. Ordering the defendants Spouses Ignacio to pay plaintiff the sum of P50,000.00 as and by way of Attorney's fees;
6. Ordering defendants Spouses Ignacio to pay the intervenors the sum of P50,000.00 as and by way of Attorney's fees;
7. Ordering defendants Spouses Ignacio to pay costs of suit.

All other claims of plaintiff and intervenors as well as the third-party complaint, counterclaims of defendants Spouses to the complaint and complaint in-intervention are all dismissed for lack of legal and factual basis.

**SO ORDERED.**<sup>[5]</sup>

Aggrieved, Spouses Ignacio appealed the RTC decision before the CA.

### **Judgment of the CA**

As stated, the CA reversed the decision of the trial court and ordered the dismissal of the complaint and the Complaint-in-Intervention. The CA ruled that both Esguerra and the heirs of Regina Panganiban have no legal interest and no cause of action in the suit because the action is one of reversion that only the Office of the Solicitor General (OSG) can commence. In concluding that the suit is one for reversion, the appellate court pointed out that prior to 1978, the said property was public land. As such, it is only the government which could impugn the validity of the State's grant. The *fallo* reads:

**WHEREFORE**, foregoing considered, the appeal is **GRANTED** in part. Except for the dismissal of the other claims of plaintiff and intervenors as well as the Third-Party Complaint and counterclaims of defendants Spouses Ignacio to the Complaint and Complaint-in-Intervention, the dispositions (Items 1 to 7, inclusive) in the appealed Decision dated 23 February 2012 of the Regional Trial Court, Branch 19, Bulacan are **REVERSED** and **SET ASIDE**, and another judgment is rendered dismissing the Amended Complaint and Complaint-in-Intervention.

**SO ORDERED.**<sup>[6]</sup>

The subsequent Motions for Reconsideration of Esguerra and the heirs of Regina Panganiban were also denied by the CA. Hence, this recourse.

### **The Petitions**

Petitioner Esguerra raises the sole issue of:

**WHETHER THE HONORABLE COURT OF APPEALS COMMITTED REVERSIBLE ERROR WHEN IT REVERSED THE DECISION OF THE RTC BRANCH 19, AND RULED THAT THIS CASE IS AN ACTION FOR REVERSION.**<sup>[7]</sup>

For their part, the heirs of Regina Panganiban assigned their sole error, thus:

**REVERSIBLE ERRORS WERE COMMITTED BY THE COURT OF APPEALS WHEN IT REVERSED AND SET ASIDE THE DECISION OF THE TRIAL COURT, AND ENTER ANOTHER JUDGMENT DISMISSING THE AMENDED COMPLAINT AND COMPLAINT IN INTERVENTION, REASONING OUT THAT THE PROPERTY IS A PART OF A PUBLIC DOMAIN BEFORE THE ISSUANCE OF RESPONDENT'S PATENTED OCT NO. P-2142, AND IT IS A CASE OF REVERSION NOT RECONVEYANCE, AND THAT IT SHOULD BE THE STATE NOT THE PETITIONERS WHO SHALL INSTITUTE THE ACTION THROUGH THE OSG.**<sup>[8]</sup>

The petitioners are in unison in arguing that the CA erred in ruling that they do not have the legal standing in pursuing the instant suit. They claim that the instant case is not one of reversion but merely a case of cancellation of free patents which they, as aggrieved private individuals, may commence citing *Tancuntian v. Gempesaw*.<sup>[9]</sup> Here, they claim that they have clearly established their ownership prior to the application and grant of the free patent in favor of Julita Ignacio. As such, the proper remedy is not reversion but rather the cancellation of the free patent.

In response, Spouses Ignacio argue that the action is one of reversion since the land was originally a public land granted in favor of a private individual. Thus, any question as to the validity of the transfer should be an issue between the grantor and the grantee. Also, they argue that the free patent was validly granted to them considering the *Pagpapatunay* signed by Felisa Panganiban, one of the heirs of Regina Panganiban. Lastly, even assuming that the petitioners have a cause of action against them, Spouses Ignacio claim the same had already prescribed as 10 years had passed since its transfer from Felisa Panganiban to them. As such, they pray that the decision of the CA be affirmed.

### **Ruling of the Court**

The petitions are meritorious.

The appellate court ruled that this is a case of reversion of property. The Court disagrees.

In *Heirs of Kionisala v. Heirs of Dacut*,<sup>[10]</sup> the Court distinguished between an action