701 Phil. 574

SECOND DIVISION

[G.R. No. 180463, January 16, 2013]

REPUBLIC OF THE PHILIPPINES, PETITIONER, VS. AFP RETIREMENT AND SEPARATION BENEFITS SYSTEM,* RESPONDENT,

HEIRS OF CABALO KUSOP AND ATTY. NILO J. FLAVIANO, RESPONDENTS-INTERVENORS.

D E C I S I O N

DEL CASTILLO, J.:

The processes of the State should not be trifled with. The failure of a party to avail of the proper remedy to acquire or perfect one's title to land cannot justify a resort to other remedies which are otherwise improper and do not provide for the full opportunity to prove his title, but instead require him to concede it before availment.

Certificates of title issued covering inalienable and non-disposable public land, even in the hands of an alleged innocent purchaser for value, should be cancelled.

Before us is a Petition for Review on *Certiorari*[1] questioning the October 26, 2007 Decision[2] of the Court of Appeals (CA) in CA-G.R. CV No. 75170, which reversed the November 5, 2001 Decision[3] of the Regional Trial Court (RTC), Branch 23 of General Santos City in Civil Case No. 6419.

Factual Antecedents

Lots X, Y-1 and Y-2 – lands of the public domain consisting of 52,678 square meters located in Barrio Dadiangas, General Santos Municipality (now General Santos City) – were reserved for recreation and health purposes by virtue of Proclamation No. 168[4] (Proc. 168), which was issued in 1963. In 1983, Proclamation No. 2273[5] (Proc. 2273) was issued amending Proc. 168, and removing and segregating Lots Y-1 and Y-2 from the reservation and declaring them open for disposition to qualified applicants. As a result, only Lot X – which consists of 15,020 square meters – remained part of the reservation now known as Magsaysay Park.

The record discloses that respondents-intervenors waged a campaign – through petitions and pleas made to the President – to have Lots Y-1 and Y-2 taken out of the reservation for the reason that through their predecessor Cabalo Kusop (Kusop), they have acquired vested private rights over these lots. This campaign resulted in Proc. 2273, which re-classified and returned Lots Y-1 and Y-2 to their original alienable and disposable state.

In 1997, respondents-intervenors filed applications[6] for the issuance of individual miscellaneous sales patents over the whole of Lot X with the Department of Environment and Natural Resources (DENR) regional office in General Santos City, which approved them. Consequently, 16 original certificates of title[7] (OCTs) covering Lot X were issued in the names of respondents-intervenors and several others. In September 1997, these 16 titles were simultaneously conveyed[8] to herein respondent AFP-Retirement and Separation Benefits System (AFP-RSBS), resulting in the issuance of 16 new titles (the AFP-RSBS titles) – Transfer Certificates of Title (TCT) No. T-81051 through T-81062, T-81146-T-81147, and T-81150-T-81151.[9]

On September 11, 1998, herein petitioner Republic of the Philippines instituted Civil Case No. 6419, which is a Complaint[10] for reversion, cancellation and annulment of the AFP-RSBS titles, on the thesis that they were issued over a public park which is classified as inalienable and non-disposable public land.

Respondents-intervenors intervened[11] in Civil Case No. 6419, and, together with the defendant AFP-RSBS, argued that their predecessor-in-interest Kusop had acquired vested interests over Lot X even before Proc. 168 was issued, having occupied the same for more than 30 years. They claimed that these vested rights, taken together with the favorable recommendations and actions of the DENR and other government agencies to the effect that Lot X was alienable and disposable land of the public domain, as well as the subsequent issuance of sales patents and OCTs in their names, cannot be defeated by Proc. 168. They added that under Proc. 168, private rights are precisely recognized, as shown by the preliminary paragraph thereof which states:

> Upon the recommendation of the Secretary of Agriculture and Natural Resources and pursuant to the authority vested in me by law, I, Diosdado Macapagal, President x x x, do hereby withdraw from sale or settlement and reserve for recreational and health resort site purposes, under the administration of the municipality of General Santos, **subject to private rights, if any there be** x x x[12] (Emphasis supplied.)

Ruling of the Regional Trial Court

On November 5, 2001, the trial court rendered judgment nullifying the AFP-RSBS titles and ordering the return of Lot X to the Republic, with the corresponding issuance of new titles in its name. The trial court ruled that the respondents-intervenors – having benefited by the grant, through Proc. 2273, of Lots Y-1 and Y-2 to them – can no longer claim Lot X, which has been specifically declared as a park reservation under Proc. 168 and further segregated under Proc. 2273. In other words, their private rights, which were guaranteed under Proc. 168, have already been recognized and respected through the subsequently issued Proc. 2273; as a consequence, the succeeding sales patents and OCTs in the names of the respondents-intervenors should be declared null and void not only for being in violation of law, but also because respondents-intervenors did not deserve to acquire more land.

Ruling of the Court of Appeals

The CA reduced the issues for resolution to just two: 1) whether the respondents-intervenors acquired vested rights over Lot X, and 2) whether AFP-RSBS is a buyer in good faith.[13] It went on to declare that Lot X was alienable and disposable land, and that respondents-intervenors' predecessor-in-interest acquired title by prescription, on the basis of the documentary evidence presented:

> 1. Report to the President of the Republic dated August 2, 1982 by the Board of Liquidators, recommending the amendment of Proc. 168 to recognize and respect the rights of respondents-intervenors' predecessors-in-interest, who have been in possession of portions of the reservation since time immemorial;[14]
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> 2. Report of District Land Officer Buenaventura Gonzales of the Bureau of Lands, dated May 26, 1975, likewise stating that respondents-intervenors' predecessors-in-interest have been in possession of portions of the reservation since time immemorial, and that for this reason, Proc. 168 was never in force and effect;[15]
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> 3. Report of Deputy Public Land Inspector Jose Balanza of the Bureau of Lands, dated May 6, 1976, finding that the property covered by Proc. 168 is private property and within an area declared as alienable and disposable under Project No. 47 per L.C. Map No. 700 established by the then Bureau of Forestry;[16]
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> 4. Tax Declaration No. 716 in the name of Cabalo Kusop and its subsequent revisions;[17]
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> 5. Certifications issued by the (then) municipal treasurer of General Santos and official receipts showing payment of taxes from 1945-1972; [18]
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> 6. Sworn declaration of ownership submitted to the Philippine Constabulary;[19]
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> 7. 1975 letter of then General Santos Mayor acknowledging that Kusop was in possession of Lot X even before the war; [and][20]
>
> 8. Statements and testimonies of several witnesses.[21]

The CA added that as a consequence of their predecessor's possession of Lot X since time immemorial, respondents-intervenors have acquired title without need of judicial or other action, and the property ceased to be public land and thus became private property.[22] It stressed that while "government has the right to classify portions of public land, the primary right of a private individual who possessed and cultivated the land in good faith much prior to such classification must be recognized and should not be prejudiced by after-events which could not have been

anticipated."[23]

The CA went on to justify that the reason why Proc. 2273 did not take Lot X out of the public domain is not because the Executive wanted it to remain a recreational park reserve – but because the respondents-intervenors were in the process of donating said Lot X to General Santos City, and the President deemed it unnecessary to still place it within the coverage of Proc. 2273.

The CA further ruled that the miscellaneous sales patents issued in the names of the respondents-intervenors affirm their claim of ownership over Lot X, while the OCTs subsequently issued in their names rendered their claim indefeasible.

Finally, the appellate court declared that since respondents-intervenors' titles to Lot X were duly obtained, the sale and transfer thereof to respondent AFP-RSBS should be accorded the same treatment as a sale or transfer made to a purchaser in good faith. Besides, it having been shown that the petitioner is not entitled to Lot X since it already belonged to the respondents-intervenors, petitioner had no right to raise the issue of AFP-RSBS' good or bad faith.

Thus, petitioner's Complaint for reversion was dismissed.

Issues

The petition now enumerates the following issues for resolution:

I

BY APPLYING FOR MISCELLANEOUS SALES PATENT, THE HEIRS HAVE ADMITTED THAT LOT X IS PUBLIC LAND. THE EVIDENCE THEY SUBMITTED TO ESTABLISH THEIR ALLEGED PRIVATE OWNERSHIP IS THEREFORE UNAVAILING.

II

THE ALLEGED "VESTED RIGHTS" OF THE HEIRS OVER LOT X CANNOT PREVAIL AGAINST GOVERNMENT OWNERSHIP OF PUBLIC LAND UNDER THE REGALIAN DOCTRINE.

III

THERE IS NO BASIS TO CONCLUDE THAT PROCLAMATION 2273 RECOGNIZED THE OWNERSHIP OF LOT X BY THE HEIRS. NEITHER IS THERE BASIS TO CLAIM THAT THE HEIRS RETAINED OWNERSHIP OF LOT X DUE TO THE FAILURE OF THE CITY OF GENERAL SANTOS TO ACCEPT THE DONATION OF LOT X.

IV

AFP-RSBS IS NOT A BUYER IN GOOD FAITH.[24]

Petitioner's Arguments

Apart from echoing the pronouncements of the trial court, the Republic, in its Petition and Consolidated Reply,[25] submits that respondents-intervenors' applications for miscellaneous sales patents constitute acknowledgment of the fact that Lot X was public land, and not private property acquired by prescription.

Petitioner argues further that with the express recognition that Lot X is public land, it became incumbent upon respondents-intervenors – granting that they are entitled to the issuance of miscellaneous sales patents – to prove that Lot X is alienable and disposable land pursuant to Commonwealth Act No. 141[26] (CA 141); and that in this regard respondents-intervenors failed. They offered proof, in the form of reports and recommendations made by the Bureau of Lands and the Board of Liquidators, among others, which were insufficient to establish that Lot X was alienable and disposable land of the public domain. Besides, under the law governing miscellaneous sales patents, Republic Act No. 730[27] (RA 730), it is specifically required that the property covered by the application should be one that is not being used for a public purpose. Yet the fact remains that Lot X is being utilized as a public recreational park. This being the case, Lot X should not have qualified for distribution allowable under RA 730.

Petitioner next insists that if indeed respondents-intervenors have become the owners of Lot X by acquisitive prescription, they should have long availed of the proper remedy or remedies to perfect their title through an action for confirmation of imperfect title or original registration. Yet they did not; instead, they resorted to an application for issuance of miscellaneous sales patents. By so doing, respondents-intervenors conceded that they had not acquired title to Lot X.

Petitioner next advances the view that respondents-intervenors' vested rights cannot prevail as against the State's right to Lot X under the Regalian doctrine. Petitioner argues that the presumption still weighs heavily in favor of state ownership of all lands not otherwise declared private and that since Lot X was not declared open for disposition as were Lots Y-1 and Y-2 by and under Proc. 2273, it should properly retain its character as an inalienable public recreational park.

Finally, petitioner submits that the good or bad faith of AFP-RSBS is irrelevant because any title issued on inalienable public land is void even in the hands of an innocent purchaser for value.[28]

Respondents' Arguments

AFP-RSBS and the respondents-intervenors collectively argue that the grounds relied upon by the Republic in the petition involve questions of fact, which the Court may not pass upon. They add that since private rights are explicitly recognized under Proc. 168, the respondents-intervenors' predecessor's prior possession since time immemorial over Lot X should thus be respected and should bestow title upon respondents-intervenors.

They argue that if respondents-intervenors chose the wrong remedy in their attempt to perfect their title over Lot X, this was an innocent mistake that in no way divests