

FIRST DIVISION

[G.R. No. 158230, July 16, 2008]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
DIRECTOR OF LANDS, PETITIONER, VS. REGISTER OF DEEDS OF
ROXAS CITY, ELIZABETH LEE, AND PACITA YU-LEE,
RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review^[1] of the Decision^[2] dated 12 July 2002 and the Resolution dated 9 May 2003 of the Court of Appeals in CA-G.R. CV No. 53890.

The Facts

In March 1936, Lee Liong, a Chinese citizen, bought Lot No. 398 from Vicenta Arcenas, Francisco, Carmen Ramon, Mercedes, Concepcion, Mariano, Jose, and Manuel, all surnamed Dinglasan. Lot No. 398, with an area of 1,574 square meters, is located at the corner of Roxas Avenue and Pavia Street in Roxas City. In February 1944, Lee Liong died intestate and was survived by his widow Ang Chia, and his sons Lee Bing Hoo and Lee Bun Ting. On 30 June 1947, the surviving heirs of Lee Liong extrajudicially settled the estate of the deceased and partitioned among themselves Lot No. 398. When Lee Bing Hoo and Lee Bun Ting died, Lot No. 398 was transferred by succession to their respective wives, Elizabeth Lee (Elizabeth) and Pacita Yu-Lee (Pacita).

In the 1956 case of *Dinglasan v. Lee Bun Ting*,^[3] involving Lot No. 398, the Court held that even if the sale of the property was null and void for violating the constitutional prohibition on the sale of land to an alien, still the doctrine of *in pari delicto* barred the sellers from recovering the title to the property. Eleven years later, in the case of *Lee Bun Ting v. Judge Aligaen*,^[4] the Court ordered the trial court to dismiss the complaint of the Dinglasans for the recovery of Lot No. 398. Applying the doctrine of *res judicata*, the Court held that the case was a mere relitigation of the same issues previously adjudged with finality in the *Dinglasan* case, involving the same parties or their privies and concerning the same subject matter.

On 7 September 1993, Elizabeth and Pacita (private respondents) filed a petition for reconstitution of title of Lot No. 398 because the records of the Register of Deeds, Roxas City were burned during the war. On 3 October 2001, the Court held that the trial court's order of reconstitution was void for lack of factual support because it was based merely on the plan and technical description approved by the Land Registration Authority.^[5]

Meanwhile, on 26 January 1995, petitioner Republic of the Philippines (petitioner), through the Office of the Solicitor General (OSG), filed with the Regional Trial Court of Roxas City a Complaint^[6] for Reversion of Title against private respondents and the Register of Deeds of Roxas City, praying that (1) the sale of Lot No. 398 to Lee Liong be set aside for being null and void *ab initio*; and (2) Lot No. 398 be reverted to the public domain for the State's disposal in accordance with law.

In their Answer, private respondents invoked as affirmative defenses: (1) prescription; (2) private ownership of Lot No. 398; and (3) Lee Liong's being a buyer in good faith and for value. Furthermore, private respondents claimed that as Filipino citizens, they are qualified to acquire Lot No. 398 by succession.

The Register of Deeds of Roxas City did not file an answer.

On 7 May 1996, the trial court rendered a decision ordering the reversion of Lot No. 398 to the State.

On appeal, the Court of Appeals rendered its Decision^[7] dated 12 July 2002, reversing the trial court's decision and declaring private respondents as the absolute and lawful owners of Lot No. 398. Petitioner moved for reconsideration, which the Court of Appeals denied in its Resolution^[8] dated 9 May 2003.

Hence, this petition for review.

The Ruling of the Trial Court

The trial court ordered the reversion of Lot No. 398 to the State. The trial court held that private respondents could not have acquired a valid title over Lot No. 398 because the sale of the lot to their predecessor-in-interest Lee Liong was null and void. Being an innocent purchaser in good faith and for value did not cure Lee Liong's disqualification as an alien who is prohibited from acquiring land under the Constitution. The trial court further held that prescription cannot be invoked against the State as regards an action for reversion or reconveyance of land to the State.

The Ruling of the Court of Appeals

The Court of Appeals agreed with the trial court that the State is not barred by prescription. However, the Court of Appeals held that the trial court erred in ordering the reversion of Lot No. 398 to the State. Although the sale of Lot No. 398 to Lee Liong violated the constitutional prohibition on aliens acquiring land, the Court of Appeals noted that Lot No. 398 had already been acquired by private respondents through succession. The transfer of Lot No. 398 to private respondents, who are Filipino citizens qualified to acquire lands, can no longer be impugned on the basis of the invalidity of the initial transfer. The flaw in the original transaction is considered cured and the title of the transferee is deemed valid considering that the objective of the constitutional proscription against alien ownership of lands, that is to keep our lands in Filipino hands, has been achieved.

The Issue