

FIRST DIVISION

[G.R. NO. 159910, May 04, 2006]

HEIRS OF CLEMENCIA PARASAC, PETITIONERS, VS. REPUBLIC OF THE PHILIPPINES, RESPONDENT.

DECISION

CHICO-NAZARIO, J.:

Petitioners Heirs of Clemencia Parasac filed the present Petition for Review on *Certiorari*, under Rule 45 of the Revised Rules of Court, seeking the annulment and setting aside of the Resolution of the Tenth Division of the Court of Appeals in CA-G.R. CV No. 66594, dated 10 September 2003,^[1] which granted the motion for reconsideration of respondent Republic of the Philippines, and reversed and set aside its earlier Decision in the same case, dated 24 February 2003.^[2]

The petition at bar commenced on 17 July 1961, when Casiano Sandoval and Luz Marquez filed an application for registration of Lot No. 7453 of the Santiago Cadastral Survey 211, located in Cordon, Isabela, with an area of 15,303.5928 hectares. The application was docketed as Land Registration Case No. II-N-36 before the Court of First Instance (CFI)^[3] of Isabela, Branch 2, entitled, "Heirs of Casiano Sandoval v. Director of Lands, et al." Initial hearing was held on 30 March 1962, and upon motion of the applicants Sandoval and Marquez, the CFI of Isabela, Branch 2, issued an Order of general default against the whole world except the oppositors who were then present, among which, were the Director of Lands, the Director of Forestry, the Heirs of Clemencia Parasac, the Heirs of Liberato Bayaua, and the Philippine Cacao and Farm Products, Inc. For some reason not explained, Land Registration Case No. II-N-36 remained dormant for almost two decades, until the parties to the case submitted to the CFI of Isabela, Branch 2, a Compromise Agreement,^[4] dated 6 February 1981, pertinent portions of which read as follows -

1. That the parties herein agree that the subject of this proceeding is Cadastral Lot No. 7453 of the Santiago Cadastral Survey 211, situated in Cordon, Isabela with an area of 15,303.5928 hectares, more or less, as appearing in the technical description attached to the application for registration.
2. That all the parties herein have agreed to this compromise settlement of their respective claim in the manner hereunder set forth, to wit:
 - a) Applicant Heirs of Casiano Sandoval do hereby disclaim in favor of the Bureau of Lands the area of 1,750 hectares, more or less, embraced within subdivision survey GSS-361-D, surveyed for Honorato Collantes, et al., Cad-315-D, surveyed for Mauricio Manuel, et al. and GSS-283 surveyed for Ernesto Taruc, et al.,

b) Applicant Heirs of Casiano Sandoval do hereby disclaim in favor of the Bureau of Forest Development an area of 5,661 hectares, the exact metes and bounds of which shall be surveyed for the purpose of this Compromise Agreement and the adjudication of title in this proceedings; the disclaimer to include areas covered by the watershed management and erosion control project funded by the World Bank;

c) Applicant Heirs of Casiano Sandoval do hereby disclaim in favor of the Heirs of Clemencia Parasac and Liberato Bayaua, represented by their attorney-in-fact, Remedios Alvarez, an area of 1,000 hectares, the exact metes and bounds of which shall likewise be surveyed for the purposes of this Compromise Agreement and the adjudication of title in this proceeding.;

d) Applicant Heirs of Casiano Sandoval do hereby disclaim in favor of the Philippine Cacao and Farm Products, Inc., an area of 4,000 hectares, the exact metes and bounds of which shall be surveyed for the purposes of this Compromise Agreement and the adjudication of title in this proceeding;

e) The area of 2,892.5928 hectares of Lot 7453 shall be adjudicated to the Heirs of Casiano Sandoval. Out of this area, 892.5928 hectares is hereby assigned and transferred to their counsel of record, Jose C. Reyes by way of attorney's fees. The exact metes and bounds of the area of 2,892.5928 hectares adjudicated to the Heirs of Casiano Sandoval, segregating therefrom the area of 892.5928 hectares assigned and transferred to Jose C. Reyes by way of attorney's fees shall be surveyed separately for the purposes of this Compromise Agreement to the end that separate titles thereto may issue to the Heirs of Casiano Sandoval and their counsel of record, Jose C. Reyes.

3. That by virtue of the aforementioned disclaimer of the applicant Heirs of Casiano Sandoval in the concept of a Compromise Agreement to the claims of all the afore-mentioned parties in the above-entitled case, the said parties mutually quit claim against each other all their previous claims to and over Cadastral Lot No. 7453 of the Santiago Cadastre, subject matter of this registration proceeding, and pray the Hon. Court to render judgment based on this Compromise Agreement; x x x [Underscoring ours.]

In its Decision^[5] and Order,^[6] both dated 3 March 1981, the CFI of Isabela, Branch 2, approved the afore-quoted Compromise Agreement after finding that it was not contrary to law, public policy, and public order.

Pursuant to the Decision of the CFI of Isabela, Branch 2, in Land Registration Case No. II-N-36, the National Land Titles and Deeds Registration Administration (NLTDRA),^[7] issued Decree No. N-198071^[8] in favor of the Heirs of Clemencia Parasac and Liberato Bayaua covering the piece of land adjudicated to them in the judicially approved Compromise Agreement. The NLTDRA forwarded the said Decree,

together with its corresponding Certificate of Title, to the Registry of Deeds of Ilagan, Isabela. Although the Register of Deeds of Ilagan, Isabela, acknowledged receipt of Decree No. N-198071 and its corresponding Certificate of Title on 20 December 1991, he reported that the Decree could not be found despite exhaustive efforts to locate it. [9] As a result, Decree No. N-198071 was not yet registered, [10] although, apparently, a copy of the unregistered Original Certificate of Title over the adjudicated piece of land was already released to the Heirs of Clemencia Parasac and Liberato Bayaua. [11]

Upon advice of the Land Registration Authority, the Heirs of Clemencia Parasac and Liberato Bayaua filed, on 19 August 1998, a Petition [12] for the issuance of a new decree of registration, docketed as LRC Rec. No. 35-2578, before the Regional Trial Court (RTC) of Santiago City, Branch 35. When the RTC of Santiago City, Branch 35, issued an Order, [13] dated 4 November 1998, setting the Petition for hearing on 22 February 1999, [14] it forwarded a copy of the said Order to the Office of the Solicitor General (OSG). On 16 February 1999, the OSG, on behalf of the Republic of the Philippines, opposed the Petition in LRC Rec. No. 35-2578 and prayed for the denial thereof. In its Opposition, [15] the OSG argued that -

1. The Petition is one for the issuance of decree in lieu of one allegedly lost, Decree No. N-198071.
2. The purported issuance of Decree No. N-198071, however, is premature, if not anomalous and irregular.
3. To date, the purported Decision dated March 3, 1981 of the Regional Trial [Court], Branch 2, in Isabela, rendered in LRC No. II-N-36, Lot 745 [3], Santiago Cadastre 211, has not been received by the Office of the Solicitor General (OSG).

[4.] In Republic v. Court of Appeals, 201 SCRA 1, 6 [1991], the Supreme Court stressed that "service of decision on the Solicitor General is the proper basis for computing the reglementary period for filing of appeals and for determining whether a decision had attained finality."

[5.] Since the Decision dated March 3, 1981, has not been received by the OSG, the same did not attain finality. In consequence, any decree issued pursuant to said decision is void.

[6.] Moreover, that no valid Decree N[o]. N-198071 was ever issued is patent from the Registry of Deeds' letter dated April 20, 1998, addressed to the Administrator of the Land Registration Authority (LRA), confirming that "a verification on the Primary Entry Book shows that said decree was not registered and never been issued to the adjudicatee" x x x

After conducting hearings in due course, the RTC of Santiago City, Branch 35, issued an Order, dated 9 November 1999, finding that -

The jurisdictional facts having [been] proven and that the Court having been satisfied that there is a need for the issuance of another copy of Decree No. N-198071 based on the record on file with the Land

Registration Authority, the herein petition is granted.

WHEREFORE, the National Land Titles and Deeds Registration Administration, Department of Justice (Land Registration Commission), now Land Registration Authority, is hereby ordered to issue another copy of Decree No. N-198071, under the name of heirs of Liberato Bayaua and Clemencia Parasac, represented by their attorney-in-fact, Remedios Alvarez, upon payment of fees required by law.^[16]

From the foregoing facts arose two separate cases before the Court of Appeals, CA-G.R. SP No. 54618 and CA-G.R. CV No. 66594, both instituted by the OSG, on behalf of the Republic of the Philippines.

1) CA-G.R. SP No. 54618 - Complaint for the annulment of the Decision of the CFI of Isabela, Branch 2, in Land Registration Case No. II-N-36, dated 3 March 1981.

The Republic of the Philippines, represented by the OSG, filed a Complaint before the Court of Appeals, docketed as CA-G.R. SP No. 54618, seeking the annulment of the Decision of the CFI of Isabela, Branch 2, in Land Registration Case No. II-N-36, dated 3 March 1981, because the said Decision was based solely on a Compromise Agreement, dated 6 February 1981, which was entered into by the Directors of the Bureau of Lands and the Bureau of Forest Development, who were without authority to dispose of lands of the public domain. In addition, the Compromise Agreement was entered into without notice to, knowledge or participation of, the Solicitor General, the mandated counsel of the Republic of the Philippines. Lastly, the Solicitor General was not furnished a copy of the assailed Decision in contravention of law.

Parties to the Compromise Agreement, namely, the Heirs of Clemencia Parasac and Liberato Bayaua; Elvira G. Reyes, in substitution of the deceased Atty. Jose C. Reyes; and the Philippine Cacao and Farm Products, Inc., filed separate Motions to Dismiss the Complaint asserting, among other reasons, that its cause of action was already barred by prior judgment or by the statute of limitations, as well as by laches or estoppel.

On 19 July 2001, the First Division of the Court of Appeals promulgated its Decision^[17] in favor of the Republic of the Philippines, essentially on the basis of another case already decided by the Supreme Court, *Republic v. Sayo*,^[18] ruling thus -

[A]s held in *Republic v. Sayo* (191 SCRA 71), which We shall presently discuss in more detail, the receipt by the Solicitor General of a copy of the Decision dated March 3, 1981, did not make it binding on the Republic of the Philippines inasmuch as the decision was based on a compromise agreement entered into by the Directors of Land and Forest Development without the participation of the Solicitor General, plaintiff government's counsel.

Except for the identity of the land and the trial court which rendered the decision, the instant case has practically the same parties and may be considered to be the virtual twin of another case entitled "Republic vs. Hon. Sofronio G. Sayo, Judge, Br. I, CFI, Nueva Vizcaya, Heirs of Casiano

Sandoval, Heirs of Liberato Bayaua, Jose C. Reyes and Philippine Cacao and Farm Products, Inc." (SC-G.R. No. 60413, October 31, 1990; 191 SCRA 71 **supra**).

The above-mentioned GR 60413 involved Lot No. 7454 of the Cadastral Survey of Santiago, BL, CAD 211 with an area of 33,950 hectares. Lot 7454 is adjacent to Lot No. 7453, subject of the instant case. Lot 7454 was formerly also part of the Municipality of Santiago, Province of Isabela, but is now within the province of Nueva Vizcaya by virtue of Republic Act No. 236. As in the present case, that case dragged for about twenty (20) years until the trial court rendered a Decision on March 3, 1981, the very same date as the assailed Decision in the instant case, also based on a Compromise Agreement. The Supreme Court annulled the decision of the trial court, ratiocinating as follows:

"It thus appears that the decision of the Registration Court a quo is based solely on the compromise agreement of the parties. But that compromise agreement included private persons who had not adduced any competent evidence of their ownership over the land subject of the registration proceeding. Portions of the land in controversy were assigned to persons or entities who had presented nothing whatever to prove their ownership of any part of the land. What was done was to consider the compromise agreement as proof of title of the parties taking part therein, a totally unacceptable proposition. The result has been the adjudication of lands of no little extension to persons who had not submitted any substantiation at all of their pretensions to ownership, founded on nothing but the agreement among themselves that they had rights and interests over the land.

"The assent of the Directors of Lands and Forest Development to the compromise agreement did not and could not supply the absence of evidence of title required of the private respondents.

"xxx xxx xxx

"Finally, it was error to disregard the Solicitor General in the execution of the compromise agreement and its submission to the Court for app(r)oval. It is, after all, the Solicitor General, who is the principal counsel of the Government; this is the reason for our holding that "Court orders and decisions sent to the fiscal, acting as agent of the Solicitor General in land registration cases, are not binding until they are actually received by the Solicitor General." (Republic v. CA, 148 SCRA 480 [1987]; Republic v. C.A., 135 SCRA 157 [1985]; Republic v. Mendoza, 125 SCRA 539 [1983].

"It thus appears that the compromise agreement and the