

FIRST DIVISION

[G.R. NO. 166281, October 27, 2006]

**JESUS ANGELES, GLORIA MALANA, ANSELMO NAVALES,
FELICIANO VILLAMAYOR, DEVELOPMENT BANK OF THE
PHILIPPINES AND THE REGISTER OF DEEDS OF LAGUNA,
PETITIONERS, VS. REPUBLIC OF THE PHILIPPINES,
REPRESENTED BY THE DIRECTOR OF LANDS, RESPONDENTS.**

D E C I S I O N

CALLEJO, SR., J.:

Before the Court is a Petition for Review on *Certiorari* of the Decision^[1] of the Court of Appeals (CA) in CA-G.R. CV No. 45645, and its resolution denying the motion for reconsideration thereof.

Sometime in 1940, Juan Sanga acquired from his father, Damaso Sanga, a parcel of land located in Mayondon, Los Baños, Laguna. The property is bounded on the east and south side by the University of the Philippines, Los Baños. Sanga declared the lot in his name under Tax Declaration No. 5841 and paid the realty taxes thereon. He planted fruit bearing trees on the property and later executed a real estate mortgage in favor of the Rural Bank of Los Baños as security for a loan.^[2]

In January 1960, Jesus Angeles, Feliciano Villamayor, the spouses Montano Malana and Gloria Malana, and Anselmo Navales, gained entry into the property. They occupied portions thereof and constructed huts and duck sheds. When Sanga demanded that they vacate the property, they pleaded to be allowed to remain therein and executed an undertaking, promising to vacate the property as soon as their applications with the Bureau of Lands for revocable permits to occupy other lots had been processed and approved. Sanga allowed them to stay.

On May 22, 1972, Sanga had the property surveyed by Geodetic Engineer Nestor Falcotelo, who then prepared a Consolidation Plan Psu-134538 and Psu-232665.^[3]

Sanga again demanded that Angeles, Navales and Malana vacate the property. When they refused, Sanga filed a complaint (*accion reivindicatoria*) with the Regional Trial Court (RTC) of Laguna against Angeles, the spouses Malana and Villamayor. He alleged that he was the owner of the lot in question, having acquired the same from his father; despite his demands, defendants refused to vacate the property. He prayed that judgment be rendered in his favor ordering the defendants and their successors-in-interest to vacate the property and to pay damages. The case was docketed as **Civil Case No. B-541**. The Director of Lands intervened in the case.^[4]

Sanga filed a separate complaint for unlawful detainer against Navales with the Municipal Trial Court (MTC), docketed as Civil Case No. 170. However, on motion of the defendant, the proceedings were suspended pending the final outcome of Civil

Unknown to Sanga, the defendants had managed to have portions of the property surveyed by Geodetic Engineer Rolando Bagues while Civil Case No. B-541 was pending. A survey plan was prepared, under which the portions of the property occupied by the defendants were identified as Lot Nos. 11684, 11687, 11728, and 11729. Separate petitions for the issuance of free or sales patents were then filed by Angeles, Malana, Navales and Villamayor with the Bureau of Lands, which were granted by District Lands Officer Braulio C. Darum. On July 20, 1978, the Register of Deeds issued Original Certificates of Title (OCT) to the patentees, thus:

Patentee	Patent No.	Original Certificate of Title No.
Jesus Angeles	16637	P-1944 ^[6]
Gloria Malana	16644	P-1946 ^[7]
Anselmo Navales	16684	P-1964 ^[8]
Feliciano Villamayor	16685	P-1965 ^[9]

Malana, Navales and Angeles thereafter secured separate loans from the Development Bank of the Philippines (DBP) and executed real estate mortgages over the lots respectively titled to them. The mortgagor and the amount of loan secured by each of them are as follows:

Mortgagor	Amount of Loan
1. Montano Malana	P17,450.00
2. Anselmo Navales	P19,600.00
3. Jesus Angeles	P53,978.00

Meanwhile, on May 25, 1982, the RTC rendered judgment in Civil Case No. B-541 in favor of plaintiff. The *falla* of the decision reads:

WHEREFORE, judgment is hereby rendered in favor of the plaintiffs and the defendants and any and all persons acting under them and in their behalf are hereby ordered to vacate the parcel of land described as:

"A parcel of land located at Mayondon, Los Baños, Laguna, bounded on the North by Damaso Sanga (or his heirs), on the East by the Municipality of Los Baños (now University of the Philippines) on the Southeast by the Municipality of Los Baños (now University of the Philippines) and on the West by the Laguna Lake; consisting of an area of 2,913 square meters, more or less, assessed at P70.00 under Tax Declaration No. 5841 in the name of Juan C. Sanga."

and surrender the possession of the same to the plaintiffs.^[10]

The decision became final and executory as the defendants and the Director of Lands failed to appeal.^[11]

When Sanga sought to have defendants evicted from the property based on the trial court's decision, the latter claimed that they had titles over the property based on

the free (sales) patents granted to them by the State, hence, had the right to possess such lots. The court rejected their claims. They sought relief from the CA, but the appellate court dismissed their petition.^[12]

On October 12, 1983, Sanga filed a protest with the Bureau of Lands, claiming that, as early as May 25, 1982, the RTC of Laguna had rendered judgment in his favor in Civil Case No. B-541, and that such decision was already final and executory. He prayed that the free patents as well as the titles based thereon, issued by the Registry of Deeds be cancelled, thus:

WHEREFORE, premises considered, it is most respectfully prayed that after due hearing and investigation, the following Free Patents issued with their respective names of patentee-respondents be revoked and/or cancelled:

Jesus Angeles	- Free Patent No. (IV-3) 16637 or OCT P-1944
Gloria Malana	- Free Patent No. (IV-3) 16644 or OCT P-1946
Anselmo Navales	- Free Patent No. (IV-3) 16684 or OCT P-1964
Feliciano Villamayor	- Free Patent No. (IV-3) 16685 or OCT P-1965

and after cancellation thereof has been effected, that proper title be issued to herein claimant-protestant.^[13]

When apprised of the protest,^[14] the Chief of the Legal Division of the Bureau of Lands issued a letter^[15] dated November 18, 1983 requesting the District Lands Officer to conduct an immediate investigation of the matter and to submit a report thereon as soon as possible. The matter was referred to Atty. Nicasio M. Rino, Jr., who then issued the following report:

1. That the lots in question is situated in Brgy. Mayondon, Los Baños, Laguna, and found to be within the Psu-232665 of Juan Sanga, et al., which has been the subject of a civil case filed before the Court of First Instance of Laguna, Branch 1, Biñan, Laguna and docketed as Civil Case No. B-541 wherein a decision rendered is favorable to the herein protestants;
2. That during the first hearing which was held in this Office on January 5, 1984, counsels for the respondents agreed to submit/file within fifteen (15) days their motion to dismiss protest, however despite the lapse of time accorded them they were not able to do so;
3. That all the free patent titles issued to the above-named patentees was ascertained to be within or along the foreshore of the Laguna de Bay and has no approved survey tending to show that it was issued irregularly;
4. That it is also of significant to mention that this Office been ordered to submit a summary investigation of those free patent titles

irregularly issued within or along the foreshore of the Laguna de Bay as per 1st Indorsement dated 4 April 1983 of the Regional Director, Regional Land Office No. IV, Quezon City.^[16]

Atty. Rino made the following recommendation:

In view of all the foregoing, it is respectfully recommended that an order be issued ordering the F.P.A. No. (IV-3) 11687 with Patent No. (IV-3) 16637 with O.C.T. P-1944 issued to Jesus Angeles, F.P.A. No. (IV-3) 11694 which has been issued Patent No. (IV-3) 16644 with O.C.T.

No. P-1946 to Gloria Malana, F.P.A. No. (IV-3) 11728 with Patent No. (IV-3) 16684 with O.C.T. No. P-1964 to Anselmo Navales and F.P.A. No. (IV-3) 11729 which has been issued Patent No. (IV-3) 16685 with O.C.T. No. P-1965 in the name of Feliciano Villamayor be cancelled for having been issued irregularly.^[17]

On July 8, 1984, the Chief, Legal Division of the Bureau of Lands, requested the Director of the Registry Land Division to issue a certification or report as to the status of the said survey plans.^[18] Eleuterio R. Paz, the Chief, Survey Division, Registry Land Officer IV, issued a certification stating that "according to [their] records, the above-noted survey plans situated in the Barrio of Mayondon, Municipality of Los Baños, Province of Laguna, does not appear to have been submitted for verification and approval by this Office."^[19]

On April 28, 1986, the Chief, Legal Division of the Bureau of Lands, prepared and signed an Office Memorandum to the Deputy Minister and Officer-In-Charge, Ministry of Natural Resources, stating that Sanga had filed an action for recovery of ownership or *accion-reinvidicatoria* against the patentees (with the exception of Anselmo Navales who was sued for ejectment) before the RTC of Laguna, Calamba Branch, docketed as Civil Case No. B-541, and that the decision dated May 25, 1982 in the said case ordered the defendants to vacate the area in question; that despite the pendency of the aforementioned civil case, respondents were able to secure free patents from the District Land Officer and corresponding titles; the lots in question form part of a bigger land covered by Plan Psu-232665 in the name of Juan Sanga, and said LOT is within the foreshore area of Laguna de Bay. Verification with the Regional Land Office No. IV and District Land Office No. IV-A likewise showed that there were no approved survey plans over the patented and titled lots, and that the records of the applications in question could not be found in the District Land Office in Laguna where the same were supposed to be filed. From the foregoing facts and circumstances, it is obvious that fraud, misrepresentation and other irregularity attended the issuance of the patents and titles of respondents.^[20] It was recommended that appropriate steps be taken in court for the cancellation of the certificates of title in the names of the patentees and the reversion of the said property to the State.^[21]

The Director of the Bureau of Lands and the Minister of Natural Resources concurred with the recommendation. On February 4, 1987, the Republic of the Philippines, represented by the Director of Lands, through Atty. Manuel Tacorda filed separate but similarly-worded complaints for cancellation of free patents and the corresponding OCTs issued, and for the reversion of the subject lots to the public

domain. The defendants were Malana, Navales, Angeles, Villamayor, and the Development Bank of the Philippines (DBP) with the RTC of Laguna. The complaints were docketed as Civil Case Nos. 1064-87-C, 1065-87-C, 1066-87-C, and 1067-87-C, respectively. Plaintiff prayed that judgment be rendered in its favor, thus:

WHEREFORE, it is respectfully prayed of this Honorable Court that judgment be rendered.

1. Declaring Free Patent No. (IV-3) 16644 and Original Certificate of Title No. P-1946 issued in the name of defendant Gloria Malana, and derivative titles, if any, emanating therefrom, null and void *ab initio*;
2. Ordering defendant DBP to surrender Original Certificate of Title No. P-1946 to defendant Register of Deeds of Laguna;
3. Ordering defendant Register of Deeds of Laguna to cancel said patent and title and derivative titles, if any;
4. Ordering the reversion of the subject lot to the mass of the public domain.^[22]

In its Answer to the Complaint, DBP averred that it was an innocent mortgagee in good faith and for value, it being unaware of any defect or flaw in the titles of the lots in question. Defendant interposed cross-claims against its co-defendants.

Meantime, Juan Sanga died intestate. When apprised of the cases filed by the Republic of the Philippines, his heirs, Clarita Sanga-Santos, Isadora Sanga-Francisco, Felipa Sanga-Lojo, Lolita Sanga-Santillan, Elpidio Sanga and Virgilio Sanga filed a Motion for Leave to Intervene as Plaintiffs, appending thereto their Complaint in Intervention for quieting of title and damages.^[23] They alleged, *inter alia*, that they had been declared the lawful owners of the property in the decision of the Laguna RTC in Civil Case No. B-541. They prayed that, after due proceedings, judgment be rendered in their favor as follows:

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Court that judgment be rendered as follows:

1. Ordering and declaring Free Patent No. (IV-3) 16637 OCT P-1944 in the name of Jesus Angeles and any title derived therefrom *void ab initio*;
2. Ordering and declaring Free Patent No. 16644 OCT-1946 in the name of Gloria Malana and any title derived therefrom *void ab initio*;
3. Ordering and declaring Free Patent No. 16684 OCT P-1964 in the name of Anselmo Navales and any title derived therefrom *void ab initio*;
4. Ordering and declaring Free Patent No. 16685 OCT P-1965 in the name of Feliciano Villamayor and any title derived therefrom *void ab initio*;