

THIRD DIVISION

[G.R. No. 141296, October 07, 2002]

**REPUBLIC OF THE PHILIPPINES, REPRESENTED BY THE
REGIONAL EXECUTIVE DIRECTOR, REGION III, DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES (DENR),
PETITIONER, VS. HEIRS OF AGUSTIN L. ANGELES, HEIRS OF
CARMEN DE LEON VDA. DE ANGELES, LUZ GANCAYCO ALVAREZ
AND THE REGISTER OF DEEDS OF BALANGA, BATAAN,
RESPONDENTS.**

D E C I S I O N

PANGANIBAN, J.:

Elementary is the rule that prescription and laches will not bar actions filed by the State to recover its own property acquired through fraud by private individuals.

The Case

Before us is a Petition for Review on Certiorari^[1] seeking to set aside the Order^[2] dated September 7, 1999, issued by the Regional Trial Court (RTC) of Balanga, Bataan in Civil Case No. 6789. The challenged Order granted, on the ground of prescription, herein respondents' Motion to Dismiss petitioner's Complaint for Reversion.

The decretal portion of the assailed Order reads as follows:

"WHEREFORE, [being] meritorious, the [Motion to Dismiss] is hereby GRANTED and the instant complaint x x x DISMISSED."^[3]

The Facts

The present proceedings spring from a Complaint^[4] filed before the RTC by the regional executive director of Region III of the Department of Environment and Natural Resources (DENR). The Complaint was for the reversion to the State of Lot No. 2744, Cadastral 241, Orion Cadastre. Petitioner's narration of the facts is as follows:

"x x x x x x x x x x

"3. On July 30, 1963, the late Agustin L. Angeles filed his Free Patent Application No. 7-1-2021 covering a parcel of land identified as Lot No. 2744, Cad. 241, Orion Cadastre, situated in Capunitan, Orion, Bataan, and with an area of 3,578 square meters.

"4. By virtue of the said free patent application, Free Patent No. 265340 was issued in favor of the late Agustin L. Angeles on February 24, 1964.

"5. On the basis of said free patent, Original Certificate of Title No. 194 was issued and registered in the name of the late Agustin L. Angeles.

"The lot covered by OCT No. 194 is more particularly described, as follows:

"Lot No. 2744, Cad. 241 Beginning at a point marked '1' of Lot No. 2744 of Cad. 241, being S.85-04E, 481.83m. from BBM No. 1, Cad. 241; thence, N.04-36W., 34-90 m. to point 2; N.11.08W., 84.40m. to point 3; N.66-27E., 39.65m. to point 4; S.02-02W., 239.83m. to point 5; N.03-56W., 67.00m. to point 6; N.06-04W., 39-65m. to point 1, point of beginning.

"Containing an area of THREE THOUSAND FIVE HUNDRED AND SEVENTY EIGHT (3,578) SQUARE METERS.

"All points are marked on the ground by Old Points.

"Bounded on the W., along Lines 1-2-3 by Lot 2107, Cad. 241; on the N., along line 3-4 by Lot 2106, Cad. 241; on the E., along line 4-5 by Public Land; and on SW., along line 5-6 by Lot 2105, Cad. 241; and along line 6-1 by Lot 2106, Cad. 241."

x x x x x x x x x

"6. On April 16, 1967, Agustin L. Angeles died.

x x x x x x x x x

"7. It appears, however, that the late Agustin L. Angeles, prior to his death, was able to transfer and convey in favor of his sister, Emilia L. Angeles (now deceased) the one-half (1/2) northern portion of Lot No. 2744, by means of a Deed of Absolute Sale that was postdated January 5, 1970, when Agustin L. Angeles was already dead. x x x.

"8. The postdating of the Deed of Absolute Sale to January 5, 1970, was obviously done to evade the prohibition of any alienation or encumbrance of the free patent within a period of five (5) years.

"9. Then again, the late Emilia L. Angeles was able to transfer and convey, by way of a Deed of Absolute Sale dated January 27, 1973, the same one-half (1/2) northern portion in favor of her daughter, Luz Gancayco Alvarez.

x x x x x x x x x

"10. TCT No. T-43712 was thereafter issued by the Register of Deeds who registered the title of the lot, on the basis of a half-half share, in the names of the late Agustin L. Angeles and Luz Gancayco Alvarez. x x x.

"11. On November 19, 1976, the Samahang Nayon members and Barangay members of Capunitan, Orion, Bataan, represented by Elvira E. Manabat filed a Protest before the then Bureau of Lands.

"12. Consequently, a series of land investigators and ocular inspections, with notice to all concerned parties, were ordered to be conducted by the

DENR Regional Office over Free Patent No. 265340.

"13. In a formal investigation conducted by the DENR, it was found out that:

'a. the late Agustin L. Angeles or his predecessors-in-interest, have never occupied nor cultivated Lot No. 2744 prior to and after the issuance of the Free Patent in his name, the same having been in the actual and continuous occupation by the members of the Samahang Nayon since the prewar days;

'b. Lot No. 2744 is not an agricultural land but a residential land bordering the shoreline of Manila Bay; and that.

'c. the late Agustin L. Angeles conveyed the 1/2 northern portion of Lot No. 2744 during the prohibitory period of five (5) years or prior to his death in favor of the late Emilia L. Angeles.'

x x x x x x x x "[5]

Respondents' version of the facts, on the other hand, is as follows:

"2. Deceased Agustin L. Angeles filed his Free Patent Application No. 7-1-2021 covering a parcel of land identified as Lot No. 2744, Cad. 241, Orion Cadastre, situated in Capunitan, Orion, Bataan, with an area of 3,578 square meters on 30 July 1963. Thereafter, Free Patent No. 265340 was issued and registered in his name on 24 February 1964.

"2.1. Original Certificate of Title (OCT) No. 194 was issued which is registered in the name of Agustin L. Angeles based on said Free Patent. x x x

"2.2 Before he died, Agustin L. Angeles was able to sell, transfer and convey in favor of his sister, Emilia L. Angeles, the one-half (1/2) northern portion of Lot No. 2744 for and in consideration of ONE THOUSAND PESOS (P1,000.00) by means of a Deed of Absolute Sale dated 5 January 1970. x x x

"2.3 Thereafter, Emilia L. Angeles was able to sell, transfer and convey, by way of Deed of Absolute Sale dated 27 January 1973 the same one-half (1/2) northern portion of Lot 2744 in favor of respondent Luz Gancayco-Alvarez, her daughter for and in consideration of ONE THOUSAND FIVE HUNDRED PESOS (P1,500.00). x x x

"2.4 By virtue of said Deed of Absolute Sale, Transfer Certificate of Title (TCT) No. T-43712 was issued, registered and entered on 5 February 1973 in the name of respondent Luz-Gancayco Alvarez and the late Agustin L. Angeles by the Register of Deeds of Bataan. Copy of the TCT No. T-43712 is attached as **Annex 4** to the Motion to Dismiss.

"2.5. Since the issuance of the Free Patent, the late Agustin L. Angeles and thereafter his heirs, enjoyed open, peaceful, exclusive and continuous possession and exercised and continued to exercise all the attributes of ownership over Lot 2744. In the same vein, respondent Luz