

FIRST DIVISION

[G.R. No. 155450, August 06, 2008]

**REPUBLIC OF THE PHILIPPINES REPRESENTED BY THE
REGIONAL EXECUTIVE DIRECTOR, DEPARTMENT OF
ENVIRONMENT AND NATURAL RESOURCES, REGIONAL OFFICE
NO. 2, PETITIONER, VS. COURT OF APPEALS, HEIRS OF
ANTONIO CARAG AND VICTORIA TURINGAN, THE REGISTER OF
DEEDS OF CAGAYAN, AND THE COURT OF FIRST INSTANCE OF
CAGAYAN, RESPONDENTS.**

D E C I S I O N

CARPIO, J.:

The Case

This is a petition for review^[1] of the 21 May 2001^[2] and 25 September 2002^[3] Resolutions of the Court of Appeals in CA-G.R. SP No. 47965. The

21 May 2001 Resolution dismissed petitioner Republic of the Philippines' (petitioner) amended complaint for reversion, annulment of decree, cancellation and declaration of nullity of titles. The 25 September 2002 Resolution denied petitioner's motion for reconsideration.

The Facts

On 2 June 1930, the then Court of First Instance of Cagayan (trial court) issued Decree No. 381928^[4] in favor of spouses Antonio Carag and Victoria Turingan (spouses Carag), predecessors-in-interest of private respondents Heirs of Antonio Carag and Victoria Turingan (private respondents), covering a parcel of land identified as Lot No. 2472, Cad. 151, containing an area of 7,047,673 square meters (subject property), situated in Tuguegarao, Cagayan. On 19 July 1938, pursuant to said Decree, the Register of Deeds of Cagayan issued Original Certificate of Title No. 11585^[5] (OCT No. 11585) in the name of spouses Carag.

On 2 July 1952, OCT No. 11585 was cancelled to discharge the encumbrance expressly stated in Decree No. 381928. Two transfer certificates of title were issued: Transfer Certificate of Title No. T-1277,^[6] issued in the name of the Province of Cagayan, covering Lot 2472-B consisting of 100,000 square meters and Transfer Certificate of Title No. T-1278,^[7] issued in the name of the private respondents, covering Lot 2472-A consisting of 6,997,921 square meters.

On 19 May 1994, Bienvenida Taguiam Vda. De Dayag and others filed with the Regional Office No. 2 of the Department of Environment and Natural Resources (DENR), Tuguegarao, Cagayan, a letter-petition requesting the DENR to initiate the

filing of an action for the annulment of Decree No. 381928 on the ground that the trial court did not have jurisdiction to adjudicate a portion of the subject property which was allegedly still classified as timber land at the time of the issuance of Decree No. 381928.

The Regional Executive Director of the DENR created an investigating team to conduct ground verification and ocular inspection of the subject property.

The investigating team reported that:

A) The portion of Lot 2472 Cad-151 as shown in the Plan prepared for spouses Carag, and covered under LC Project 3-L of Tuguegarao, Cagayan, was found to be still within the timberland area at the time of the issuance of the Decree and O.C.T. of the spouses Antonio Carag and Victoria Turingan, and the same was only released as alienable and disposable on February 22, 1982, as certified by USEC Jose G. Solis of the NAMRIA on 27 May 1994.

B) Petitioner Bienvenida Taguam Vda. De Dayag and others have possessed and occupied by themselves and thru their predecessors-in-interest the portion of Lot 2472 Cad-151, covered by LC Project 3-L of LC Map 2999, since time immemorial.^[8]

Thus, the investigating team claimed that "a portion of Lot 2472 Cad-151" was "only released as alienable and disposable on 22 February 1982."

In a Memorandum dated 9 September 1996, the Legal Division of the Land Management Bureau recommended to the Director of Lands that an action for the cancellation of OCT No. 11585, as well as its derivative titles, be filed with the proper court. The Director of Lands approved the recommendation.

On 10 June 1998, **or 68 years after the issuance of Decree No. 381928**, petitioner filed with the Court of Appeals a complaint for annulment of judgment, cancellation and declaration of nullity of titles^[9] on the ground that in 1930 the trial court had no jurisdiction to adjudicate a **portion** of the subject property, which portion consists of 2,640,000 square meters (disputed portion). The disputed portion was allegedly still classified as timber land at the time of issuance of Decree No. 381928 and, therefore, was not alienable and disposable until 22 February 1982 when the disputed portion was classified as alienable and disposable.

On 19 October 1998, private respondents filed a motion to dismiss.^[10] Private respondents alleged that petitioner failed to comply with Rule 47 of the Rules of Court because the real ground for the complaint was mistake, not lack of jurisdiction, and that petitioner, as a party in the original proceedings, could have availed of the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies but failed to do so. Private respondents added that petitioner did not attach to the complaint a certified true copy of the decision sought to be annulled. Private respondents also maintained that the complaint was barred by the doctrines of res judicata and law of the case and by Section 38 of Act No. 496.^[11] Private respondents also stated that not all the heirs of spouses Carag were brought before the Court of Appeals for an effective resolution of the case. Finally, private respondents claimed that the real party in interest was not petitioner but a certain

Alfonso Bassig, who had an ax to grind against private respondents.^[12]

On 3 March 1999, petitioner filed an amended complaint for reversion, annulment of decree, cancellation and declaration of nullity of titles.^[13]

The Ruling of the Court of Appeals

On 21 May 2001, the Court of Appeals dismissed the complaint because of lack of jurisdiction over the subject matter of the case. The Court of Appeals declared:

The rule is clear that such judgments, final orders and resolutions in civil actions which this court may annul are those which the "ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available." The Amended Complaint contains no such allegations which are jurisdictional neither can such circumstances be divined from its allegations. Furthermore, such actions for Annulment may be based only on two (2) grounds: extrinsic fraud and lack of jurisdiction. Neither ground is alleged in the Amended Complaint which is for Reversion/Annulment of Decree, Cancellation and Declaration of Nullity of Titles. It merely alleges that around 2,640,000 square meters of timberland area within Lot 2472 Cad. 151, had been erroneously included in the title of the Spouses Antonio Carag and Victoria Turingan under Decree No. 381928 and O.C.T. No. 11585 issued on June 2, 1930 and July 19, 1938, respectively; that hence, such adjudication and/or Decree and Title covering a timberland area is null and void ab initio under the provisions of the 1935, 1973 and 1987 Constitutions.

Finally, it is clear that the issues raised in the Amended Complaint as well as those in the Motion to dismiss are factual in nature and should be threshed out in the proper trial court in accordance with Section 101 of the Public Land Act.^[14] (Citations omitted)

Petitioner filed a motion for reconsideration. In its 25 September 2002 Resolution, the Court of Appeals denied the motion for reconsideration.

Hence, this petition.

The Issues

Petitioner raises the following issues:

1. Whether the allegations of the complaint clearly stated that the ordinary remedies of new trial, appeal, petition for relief and other appropriate remedies are no longer available;
2. Whether the amended complaint clearly alleged the ground of lack of jurisdiction;
3. Whether the Court of Appeals may try the factual issues raised in the amended complaint and in the motion to dismiss;

4. Whether the then Court of First Instance of Cagayan had jurisdiction to adjudicate a tract of timberland in favor of respondent spouses Antonio Carag and Victoria Turingan;
5. Whether the fact that the Director of Lands was a party to the original proceedings changed the nature of the land and granted jurisdiction to the then Court of First Instance over the land;
6. Whether the doctrine of res judicata applies in this case; and
7. Whether Section 38 of Act No. 496 is applicable in this case.

The Ruling of the Court

While the Court of Appeals erred in dismissing the complaint on procedural grounds, we will still deny the petition because the complaint for annulment of decree has no merit.

Petitioner Complied with Rule 47 of the Rules of Court

First, the Court of Appeals ruled that petitioner failed to allege either of the grounds of extrinsic fraud or lack of jurisdiction in the complaint for annulment of decree.^[15]

We find otherwise. In its complaint and amended complaint, petitioner stated:

11. In view of the fact that in 1930 or in 1938, only the Executive Branch of the Government had the authority and power to declassify or reclassify land of the public domain, **the Court did not, therefore, have the power and authority to adjudicate in favor of the spouses Antonio Carag and Victoria Turingan the said tract of timberland, portion of the Lot 2472 Cad-151, at the time of the issuance of the Decree and the Original Certificate of Title of the said spouses;** and such adjudication and/or Decree and Title issued covering the timberland area is null and void ab initio considering the provisions of the 1935, 1973 and 1987 Philippine constitution.

x x x x

15. The issuance of Decree No. 381928 and O.C.T. No. 11585 in the name of spouses Antonio Carag and Victoria Turingan, and all the derivative titles thereto in the name of the Heirs and said spouses, specifically with respect to the inclusion thereto of timberland area, by the then Court of First Instance (now the Regional Trial Court), and the Register of Deeds of Cagayan is patently illegal and erroneous for the reason that said **Court and/or the Register of Deeds of Cagayan did not have any authority or jurisdiction to decree or adjudicate the said timberland area of Lot 2472 Cad-151,** consequently, the same are null and void ab initio, and of no force and effect whatsoever.^[16] (Emphasis supplied; citations omitted)

Petitioner clearly alleged in the complaint and amended complaint that it was seeking to annul Decree No. 381928 on the ground of the trial court's lack of

jurisdiction over the subject land, specifically over the disputed portion, which petitioner maintained was classified as timber land and was not alienable and disposable.

Second, the Court of Appeals also dismissed the complaint on the ground of petitioner's failure to allege that the "ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available."

In *Ancheta v. Ancheta*,^[17] we ruled:

In a case where a petition for annulment of judgment or final order of the RTC filed under Rule 47 of the Rules of Court is grounded on lack of jurisdiction over the person of the defendant/respondent or over the nature or subject of the action, the petitioner need not allege in the petition that the ordinary remedy of new trial or reconsideration of the final order or judgment or appeal therefrom are no longer available through no fault of her own. This is so because a judgment rendered or final order issued by the RTC without jurisdiction is null and void and may be assailed any time either collaterally or in a direct action or by resisting such judgment or final order in any action or proceeding whenever it is invoked, unless barred by laches.^[18]

Since petitioner's complaint is grounded on lack of jurisdiction over the subject of the action, petitioner need not allege that the ordinary remedies of new trial, appeal, petition for relief or other appropriate remedies are no longer available through no fault of petitioner.

Third, the Court of Appeals ruled that the issues raised in petitioner's complaint were factual in nature and should be threshed out in the proper trial court in accordance with Section 101 of the Public Land Act.^[19]

Section 6, Rule 47 of the Rules of Court provides:

SEC. 6. *Procedure.* - The procedure in ordinary civil cases shall be observed. Should a trial be necessary, the reception of evidence may be referred to a member of the court or a judge of a Regional Trial Court.

Therefore, the Court of Appeals may try the factual issues raised in the complaint for the complete and proper determination of the case.

However, instead of remanding the complaint to the Court of Appeals for further proceedings, we shall decide the case on the merits.

Complaint for Annulment of Decree Has No Merit

Petitioner contends that the trial court had no jurisdiction to adjudicate to spouses Carag the disputed portion of the subject property. Petitioner claims that the disputed portion was still classified as timber land, and thus not alienable and disposable, when Decree No. 381928 was issued in 1930. In effect, petitioner admits that the adjacent 4,407,673 square meters of the subject property, outside of the disputed portion, were alienable and disposable in 1930. Petitioner argues that in 1930 or in 1938, only the Executive Branch of the Government, not the trial