

SECOND DIVISION

[G.R. NO. 133168, March 28, 2006]

REPUBLIC OF THE PHILIPPINES, PETITIONER,^[1] VS. BENJAMIN GUERRERO, RESPONDENT

D E C I S I O N

GARCIA, J.:

Assailed and sought to be set aside in this petition for review under Rule 45 of the Rules of Court is the decision^[2] dated February 12, 1998 of the Court of Appeals (CA) in CA-G.R. CV No. 50298 affirming an earlier decision of the Regional Trial Court (RTC) of Quezon City in *Civil Case No. 89-3899*, entitled "Petition for Amendment of Plan and Technical Description of Original Certificate of Title No. 0-28 in the name of Benjamin Guerrero, Registry of Deeds of Quezon City."

The assailed decision of the CA recites the facts as follows:

Sometime in December 1964, respondent Benjamin Guerrero filed with the Bureau of Lands (now Lands Management Bureau) a Miscellaneous Sales Application No. V-83191 covering a parcel of land situated at Pugad Lawin, Quezon City, consisting of 256 square meters. Upon favorable report and recommendation of the District Land Officer, Guerrero's application was approved per Order of Award (Exhibit "B"), with the boundaries of the land awarded specified as follows: N-Lot No. 10-C, Psd-37801; S-Culiat Creek; E-Road; and W-Public Land. A sketch of the land awarded is contained at the back of the Order of Award.

Subsequently, Miscellaneous Sales Patent No. 8991 dated August 16, 1982 was issued in favor of respondent. Pursuant thereto the corresponding Original Certificate of Title No. 0-28 was issued on August 27, 1982.

On July 29, 1983, one Angelina Bustamante filed a protest with the Bureau of Lands claiming that respondent obtained the sales patent through fraud, false statement of facts and/or omission of material facts considering that 174 square meters awarded to respondent covered the land where her house is situated and where she has been residing since 1961.

A formal investigation was conducted by the Bureau of Lands, after which the Director of Lands issued an order dismissing the protest of Angelina Z. Bustamante. The dismissal of the protest was affirmed by the then Minister of Natural Resources and by the Office of the President in a Decision dated July 22, 1985.

Bustamante filed a motion for reconsideration of the Decision dated July 22, 1985. Acting on the motion for reconsideration, the President, ..., ordered that the case be remanded to the DENR [Department of Environment and Natural Resources] for the latter's office to conduct an ocular investigation and resurvey of the disputed area. The said directive is contained in the Order dated October 30, 1987(Exhibit "J").

Pursuant to the order of the Office of the President, an ocular investigation and relocation survey was conducted by the DENR. A report (Exhibit "K") was thereafter submitted with a finding that 83 square meters of the titled property of Guerrero consisting of 174 square meters is under ACTUAL PHYSICAL POSSESSION of Marcelo Bustamante (husband of Angelina Bustamante) with only 91 square meters under the physical possession of Guerrero. It was also found out that OCT No. 0-28 is supposed to be traversed by a road 3 meters wide, as even the Order of Award in favor of Guerrero, shows by the boundaries of the land indicated therein, viz: bounded on the N-Lot No. 10-C, Psd-37801, S-Culiat Creek, E-Road and W-Public Land.

On January 10, 1989, the Office of the President, upon receipt of the [DENR] Ocular Investigation and Relocation Survey Report (Exhibit "K") ..., issued an order directing the DENR to implement the Report for the "proper correction" of the technical description of the land covered by OCT No. 0-28 issued to respondent.

Pursuant to the directive of the Office of the President, the Director of Lands [on behalf of the Republic of the Philippines] instituted the instant action [Petition for Amendment of Plan and Technical Description of OCT No. 0-28 in the name of Benjamin Guerrero] on November 7, 1989.

On April 6, 1990, the [respondent] Benjamin Guerrero filed a motion to dismiss the petition ..., alleging among other things, that the RTC of Quezon City was without jurisdiction over the Director of Lands' petition and that the said petition was defective in form and substance, inasmuch as it failed to name [Guerrero] who holds a certificate of title (OCT No. 0-28) over the properties subject of the petition, as respondent in the action, and that the title sought to be amended was irrevocable and can no longer be questioned.

In its order dated July 8, 1992, the lower court denied the said motion to dismiss for lack of merit. Trial of the petition followed with the Director of Lands, on one hand, and [Guerrero], on the other, presenting their respective evidence and witnesses.^[3] [Words in bracket added.]

On July 13, 1995, the RTC, on the postulate that petitioner Republic failed to prove its allegation that respondent obtained the sales patent and the certificate of title through fraud and misrepresentation, rendered judgment finding for the latter. The trial court likewise ruled that the original certificate of title (OCT No. 0-28) in the name of respondent acquired the characteristics of indefeasibility after the expiration of one (1) year from the entry of the decree of registration.

Consequently, petitioner interposed an appeal to the CA, which, in a decision dated February 12, 1998, affirmed that of the trial court, rationalizing as follows:

It is a settled rule that a certificate of title issued pursuant to any grant or patent involving public lands is as conclusive and indefeasible as any other certificate of title issued upon private lands in ordinary or cadastral registration proceedings. The effect of registration of a homestead or any other similar patent and the issuance of a certificate of title to the patentee is to vest in him an incontestable title to the land, in the same manner as if ownership had been determined by final decree of the court, and the title so issued is absolutely conclusive and indisputable.

In the same way, therefore, that a decree of registration may be reviewed or reopened within one year after the entry thereof, upon a charge of actual fraud, a patent awarded in accordance with the Public Land Law may be reviewed within one year from the date of the order for the issuance of the patent also on the ground of actual fraud.

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xxx there is no showing ... that at the time the [respondent] applied for his miscellaneous sales patent, there were third persons who had been in occupation of the land applied for. While subsequent survey documents, prepared as a consequence of the protest filed by the Bustamantes, report the possession of the Bustamantes of a portion of the land, and the erection of their house thereon, these reports do not indicate if such structures were existing at the time the application of the [respondent] was filed in 1964.

There is no support, therefore, to the submission that the [respondent] was guilty of actual fraud in the acquisition of his miscellaneous sales patent, and subsequently, OCT No. 0-28.^[4] (Words in bracket added)

Petitioner then moved for a reconsideration of the above decision but the same was denied by the appellate court in its resolution of March 23, 1998.^[5]

Hence, this recourse, petitioner Republic contending that the appellate court erred in holding —

- I. That a certificate of title issued pursuant to any grant or patent involving public lands is conclusive and indefeasible despite the fact that respondent's title was procured through fraud and misrepresentation.
- II. That there is no basis for the submission that respondent was guilty of actual fraud in the acquisition of his miscellaneous sales patent despite the final ruling of the Office of the President from which ruling respondent did not appeal.
- III. That the Director of Lands cannot raise the issue of possession of a third person of the land, or a portion thereof, after the award and

issuance of the patent to the applicant despite the obvious fact that the protest was filed within one year from the issuance of patent.^[6]

Petitioner argues *in esse* that respondent procured his sales patent and certificate of title through fraud and misrepresentation. To support its basic posture, petitioner points to the verification survey conducted by Engr. Ernesto Erive of the DENR, which, to petitioner, argues for the proposition that respondent's entitlement to a public land award should have been limited to a 91-square meter area instead of the 174 square meters eventually granted.

On the other hand, respondent contends that his OCT No. 0-28 which he secured pursuant to a sales patent is conclusive and indefeasible under the Torrens system of registration. As such, his title can no longer be altered, impugned or cancelled.

At the outset, it must be pointed out that the essential issue raised in this Petition — the presence of fraud — is factual. As a general rule, this Court does not review factual matters, as only questions of law may be raised in a petition for review on certiorari filed with this Court. And as the Court has consistently held, factual findings of trial courts, when adopted and confirmed by the CA, are final and conclusive on this Court,^[7] save when the judgment of the appellate court is based on a misapprehension of facts or factual inferences manifestly incorrect or when that court overlooked certain relevant facts which, if properly considered, would justify a different conclusion.^[8] Obviously, petitioner is invoking these exceptions toward having the Court review the factual determinations of the CA.

The basic issue in this case turns on whether or not petitioner has proven by clear and convincing evidence that respondent procured Miscellaneous Sales Patent (MSP) No. 8991 and OCT No. 0-28 through fraud and misrepresentation.

It bears to stress that the property in question, while once part of the lands of the public domain and disposed of *via* a miscellaneous sales arrangement, is now covered by a Torrens certificate. Grants of public land were brought under the operation of the Torrens system by *Act No. 496*, or the *Land Registration Act of 1903*. Under the Torrens system of registration, the government is required to issue an official certificate of title to attest to the fact that the person named is the owner of the property described therein, subject to such liens and encumbrances as thereon noted or what the law warrants or reserves.^[9] As it were, the Torrens system aims to obviate possible conflicts of title by giving the public the right to rely upon the face of the Torrens certificate and to dispense, as a rule, with the necessity of inquiring further; on the part of the registered owner, the system gives him complete peace of mind that he would be secured in his ownership as long as he has not voluntarily disposed of any right over the covered land.^[10]

Section 122 of Act No. 496 provides:

SEC. 122. Whenever public lands — belonging to the Government of the [Republic of the Philippines] are alienated, granted, or conveyed to persons or to public or private corporations, the same shall be brought forthwith under the operation of this Act and shall become registered lands. It shall be the duty of the official issuing the instrument of alienation, grant, or conveyance in behalf of the Government to cause

such instrument before its delivery to the grantee, to be filed with the register of deeds for the province where the land lies and to be there registered like other deeds and conveyances, whereupon a certificate shall be entered as in other cases of registered land, and an owner's duplicate certificate issued to the grantee. The deed, grant, or instrument of conveyance from the Government shall not take effect as a conveyance or bind the land, but shall operate only as a contract between the Government and the grantee and as evidence of authority to the clerk or register of deeds to make registration. The act of registration shall be the operative act to convey and affect the land, and in all cases under this Act registration shall be made in the office of the register of deeds for the province where the land lies. xxx. (Words in bracket added)

Upon its registration, the land falls under the operation of *Act No. 496* and becomes registered land. Time and again, we have said that a Torrens certificate is evidence of an indefeasible title to property in favor of the person whose name appears thereon.^[11]

However, *Section 38 of Act No. 496* recognizes the right of a person deprived of land to institute an action to reopen or revise a decree of registration obtained by **actual fraud**. *Section 38 of Act No. 496* says so:

SEC. 38. xxx. Every decree of registration shall bind the land, and quiet title thereto, subject only to the exceptions stated in the following section. It shall be conclusive upon and against all persons, including the [Republic of the Philippines] and all the branches thereof, **Such decree shall not be opened by reason of the absence, minority, or other disability of any person affected thereby, nor by any proceeding in any court for reversing judgments or decrees, subject, however, to the right of any person deprived of the land or of any estate or interest therein by decree of registration obtained by actual fraud, to file in the proper Court of First Instance [now Regional Trial Court] a petition for review of the decree of registration within one year after entry of the decree provided no innocent purchaser for value has acquired an interest. Upon the expiration of said term of one year, every decree or certificate of title issued in accordance with this section shall be incontrovertible.** xxx. (Emphasis and words in bracket supplied)

Fraud is of two kinds: **actual or constructive**. Actual or positive fraud proceeds from an intentional deception practiced by means of the misrepresentation or concealment of a material fact. Constructive fraud is construed as a fraud because of its detrimental effect upon public interests and public or private confidence, even though the act is not done with an actual design to commit positive fraud or injury upon other persons.^[12]

Fraud may also be either **extrinsic or intrinsic**. Fraud is regarded as intrinsic where the fraudulent acts pertain to an issue involved in the original action, or where the acts constituting the fraud were or could have been litigated therein. The fraud is extrinsic if it is employed to deprive parties of their day in court and thus prevent them from asserting their right to the property registered in the name of