

## SECOND DIVISION

[ G.R. NO. 151312, August 30, 2006 ]

**HEIRS OF THE LATE SPOUSES PEDRO S. PALANCA AND SOTERRANEA RAFOLS VDA. DE PALANCA NAMELY: IMELDA R. PALANCA, MAMERTA R. PALANCA, OFELIA P. MIGUEL, ESTEFANIA P. PE, CANDELARIA P. PUNZALAN, NICOLAS R. PALANCA, CONSTANTINO R. PALANCA, EDMUNDO PALANCA, LEOCADIA R. PALANCA AND OLIVERIO R. PALANCA, REPRESENTED BY THEIR ATTORNEY-IN-FACT, OFELIA P. MIGUEL, PETITIONERS, VS. REPUBLIC OF THE PHILIPPINES, (REPRESENTED BY THE LANDS MANAGEMENT BUREAU), REGIONAL TRIAL COURT OF PALAWAN (OFFICE OF THE EXECUTIVE JUDGE) AND THE REGISTER OF DEEDS OF PALAWAN, RESPONDENTS.**

### DECISION

**AZCUNA, J.:**

Before this Court is a petition for review on *certiorari* under Rule 45 of the Rules of Court seeking the reversal of the decision<sup>[1]</sup> dated July 16, 2001, and the resolution<sup>[2]</sup> dated December 21, 2001, of the Court of Appeals (CA) in CA-G.R. SP No. 62081 entitled "Republic of the Philippines (Represented by the Lands Management Bureau) v. Court of First Instance (CFI) of Palawan (now Regional Trial Court), Seventh Judicial District, Branch II presided over by Former District Judge, Jose P. Rodriguez, et al."

The antecedent facts<sup>[3]</sup> are as follows:

On July 19, 1973, the heirs of Pedro S. Palanca, (petitioners herein), filed an application to bring the pieces of land they allegedly owned under the operation of the Land Registration Act. These are: a two hundred thirty-nine thousand nine hundred eighty (239,980) square meter parcel of land situated in Barrio Panlaitan, Municipality of Busuanga, Province of Palawan, as shown on plan Psu-04-000074, and a one hundred seventy-six thousand five hundred eighty-eight (176,588) square meter land in Barrio of Panlaitan (Island of Capari), Municipality of New Busuanga, Province of Palawan, as shown on plan Psu-04-000073. They acquired said realties by inheritance from the late Pedro S. Palanca, who had occupied and possessed said land openly and continuously in the concept of an owner since 1934, or 39 years before the filing of said application, and planted on said lands about 1,200 coconut trees on each land, declared the same for taxation purposes and paid the taxes thereof. The first parcel of land is presently occupied by Lopez, Libarra, an encargado of herein (petitioners), while the second is occupied by (petitioner) Candelaria Punzalan. In Civil Case No. 573 entitled "*Heirs of Pedro*

*Palanca, Plaintiffs, vs. Alfonso Guillamac, Defendant,*" for "Recovery of Possession of a Parcel of Land" the Court of First Instance of Palawan rendered a decision on March 4, 1970, declaring (petitioners), the heirs of Pedro S. Palanca, as the rightful possessors of the land at Talampulan Island, Barrio of Panlaitan, Municipality of Busuanga, Province of Palawan, covered by Psu-04-000074, including the two (2) hectare portion occupied and claimed by Alfonso Guillamac.

It also appears that the jurisdictional requirements as to notices, as prescribed by Section 31, Act No. 496, namely publication in the Official Gazette, were complied with.

During the initial hearing of the case, verbal oppositions to the application were made by the Provincial Fiscal of Palawan purportedly for and in behalf of the Bureau of Forest Development, the Bureau of Lands, and the Department of Agrarian Reform, some inhabitants of the subject properties and a businessman by the name of Alfonso Guillamac. The Provincial Fiscal stated that the lands subject of the application had no clearance from the Bureau of Forestry and that portions thereof may still be part of the timberland block and/or public forest under the administration of the Bureau of Forestry and had not been certified as being alienable and disposable by the Bureau of Lands. He therefore requested that the resolution on the application be stayed pending the examination and issuance of the required clearance by the Bureau of Forest Development.<sup>[4]</sup> After the lapse of three years from the date of the initial hearing, however, no valid and formal opposition was filed by any of the oppositors in the form and manner required by law.<sup>[5]</sup> Neither did the Provincial Fiscal present witnesses from the relevant government bureaus and agencies to support his contention that the subject lands had not yet been cleared for public disposition.

On the other hand, petitioners submitted the plan and technical description of the land, a survey certificate approved by the Bureau of Lands and also tax declarations showing that they have consistently paid the realty taxes accruing on the property. Petitioners likewise presented six witnesses in support of their application, namely Constantino Palanca, Ofelia Palanca-Miguel, Lopez Libarra, Alejandro Cabajar, Alfonso Lucero and Augustin Timbancaya.

Both Constantino Palanca and Ofelia Palanca-Miguel testified that: (1) they were heirs of one Pedro S. Palanca; (2) they, together with their other siblings, were applicants for the registration of two parcels of land located in Barrio Panlaitan, Busuanga, Palawan; (3) their father, Pedro S. Palanca, acquired ownership over the subject properties by continuous, public and notorious possession; (4) their father built a house on each parcel of land and planted coconut trees; (5) since their father's death, they have continued their possession over the lands in the concept of owners and adverse to all claimants; and (6) the properties have been declared for taxation purposes and the corresponding taxes religiously paid for over forty (40) years.<sup>[6]</sup>

Lopez Libarra and Alejandro Cabajar testified that they knew the late Pedro S. Palanca and worked for the latter as an overseer and a "capataz" respectively in the cultivation of the subject properties. Cabajar, in particular, claimed that he helped clear the lands sometime in the mid-1920s, planted upon such lands coconut trees

which are now bearing fruit, and continued working with Pedro S. Palanca until the latter's death in 1943. He subsequently went to work for the heirs of Pedro S. Palanca whom he confirms now own and manage the properties.<sup>[7]</sup>

For his part, Libarra testified that he had been the overseer of the two coconut plantations of the late Pedro S. Palanca since 1934. He identified the location of the properties, averring that one plantation is in Talampulan, Panlaitan Island and the other in Talampetan, Capari Island. He further testified that at the time he was employed in 1934, there were already improvements in the form of coconut trees planted in the areas, a number of which were already bearing fruits. His duties included overseeing and cleaning the plantations, making copra and replanting the area when necessary. He also claimed he worked with Pedro S. Palanca until the latter's death in 1943 and continues to work for the latter's heirs up to the present.<sup>[8]</sup>

Also presented were Alfonso Lucero and Augustin Timbancaya, who testified thus:

Alfonso Lucero testified that he is a Forester in the Bureau of Forest Development, formerly the Bureau of Forestry. He was once assigned as the Chief of Land Classification Party No. 55 in Palawan. Presently, he is a member of the Composite Land Classification Team No. 32 in the province with station at Puerto Princessa City. He has been employed with the Bureau of Forest Development for about 30 years, starting as a Forest Guard in 1947. As chief of Land Classification Party No. 55, he covered the territory from Puerto Princessa City northward up to Busuanga, where the land in question is located. His duty was to supervise the team that conducted the limitation, segregation and deviation of agricultural lands within the area. He served in this capacity for twelve (12) years until December 1975. As such, he issued certifications after due classification by his office, of alienable and disposable land for administration by the Bureau of Lands and eventual disposition to interested parties. He had been in Busuanga, Palawan a number of times and is familiar with the lands in question, one of which is in Talampetan, Capari Island and the other in Talampulan, Panlaitan Island. He is aware that the lands in question are claimed and administered by the heirs of Pedro S. Palanca. The improvements on the land are at least 40 years old in his estimation. He recalls having issued a certification of release of this property for disposition to private parties, but could not remember the exact date when he did so. He identified Exhibits "JJ" and "KK" to be certifications to the effect that Talampulan in Panlaitan Island and Talampetan, a portion of Capari Island, both in Busuanga (formerly Coron), Palawan, are fully cultivated and mainly planted to coconuts before World War II by herein applicants, the heirs of Pedro S. Palanca. He is fully convinced that the lands in question have already been released before the war for agricultural purposes in favor of Pedro S. Palanca, applicants' predecessor-in-interest. Releases of agricultural lands which are done in bulk at present was not in vogue before the last war, for releases at that time were made on a case-to-case basis. Under the pre-war system, an application for a piece of land was individually referred to the then Bureau of Forestry which in turn conducted a classification of the area as to its availability, whether it be for sale, homestead, etc. On the basis of the Bureau of Forestry

investigation, a certification was then issued as to its availability for the purpose for which the application was made. The certification was made on the basis of such application, and was called the isolated case release or the case-to-case basis. This procedure was followed in the case of herein applicants and there seemed to be no reason to doubt that the area was in fact released to herein applicants. Therefore, the area is no longer under the jurisdiction of the Bureau of Forest Development.

Alfonso Lucero also testified that as Chief of Land Classification Party No. 55, he was the one directly in charge of classification and release of lands of public domain for agricultural purposes. His office is directly under the bureau chief in Manila, although for administrative purposes he is carried with the district forestry office in Puerto Princesa City. The certifications he issue carry much weight in land classification and releases in the province unless revoked by the Manila Office.

Augustin O. Timbancaya testified that he is a licensed geodetic engineer, formerly called a land surveyor. His services were engaged by applicant Ofelia P. Miguel, the representative of the other applicants, to conduct and prepare a land plan for two parcels of land subject of the application. He went personally to the lands in question. He executed Exhibit "U", the Plan of Land covered by PSU-04-000073, containing an area of one hundred seventy-six thousand, five hundred eighty-eight (176,588) square meters situated at Talampetan, Capari Island, Busuanga, Palawan, approved by the Director of Lands on June 25, 1973. He also identified Exhibit "V", the Plan of Land under PSU-04-000074, containing an area of two hundred thirty-nine thousand, nine hundred eighty (239,980) square meters located at Talampulan, Panlaitan Island, Busuanga, Palawan, which was also approved by the Director of Lands on June 25, 1973. Both lands are in barrio Panlaitan, Busuanga (formerly Coron), Palawan, and have an aggregate total area of four hundred sixteen thousand five hundred sixty-eight (416,568) square meters. All these surveys were properly monumented. He personally prepared the technical description for both lots. He also prepared the Geodetic Engineer's Certificates and had the same notarized by Atty. Remigio Raton, the first on January 24, 1972 and the second on March 14, 1972. He believes that both parcels of land have been released for agricultural purposes because if it were otherwise, the survey plans he executed would not have been approved by the Director of Lands. In other words, the approval of the Land Plans by the Director of the Bureau of Lands indicates that the lands in question have been previously released for alienation and disposition. Both parcels of land have been fully developed and the coconuts planted thereon are about 50 years old. He has no doubt that these lands were released for agricultural purposes long ago.

[9]

After trial, the CFI of Palawan issued a decision on December 15, 1977 declaring petitioners as the owners in fee simple of the two parcels of land in question. Thereafter, Original Certificate of Title (OCT) No. 4295 was issued in the name of petitioners. Subsequently, out of OCT No. 4295, Transfer Certificates of Title Nos. T-7095, T-7096, T-10396, T-10397, T-10398, T-10399, T-10418, and T-10884 were issued.

On December 6, 2000, or after almost twenty-three years, respondent Republic of the Philippines filed with the CA a petition<sup>[10]</sup> for annulment of judgment, cancellation of the decree of registration and title, and reversion. Respondent sought to annul the December 15, 1977 decision of the CFI, arguing that the decision was null and void because the two lands in question were unclassified public forest land and, as such, were not capable of private appropriation. In support of this proposition, respondent presented Land Classification Map No. 839, Project 2-A dated December 9, 1929 showing that the subject properties were unclassified lands as of that date as well as a certification dated November 24, 2000 issued by the Community Environment and Natural Resources Office stating that "the islands of Talampulan and Capar(i) Island located in the municipality of Busuanga, Palawan are within the unclassified public forest." Respondent likewise drew attention to Executive Proclamation No. 219 issued on July 2, 1967 which classified the Province of Palawan as a National Game Refuge and Bird Sanctuary and the small islands off Palawan as national reserves closed to exploitation and settlement under the administration of the Parks and Wildlife Office, subject only to existing private rights.<sup>[11]</sup> In view of the fact that the properties were never classified as alienable and disposable, respondent argued that the CFI did not have jurisdiction to make a disposition of the same.

In addition, respondent asserted that the participants in the proceedings committed perfidious acts amounting to extrinsic fraud which is one of the grounds for the annulment of a judgment. Respondent maintained that a culture of collusion existed between and among the petitioners, the Provincial Fiscal and the ranking officer of the District Forestry Office, Alfonso Lucero, such that the State was deprived of the opportunity to fairly present its case to the court.

On July 16, 2001, the CA rendered the assailed decision, the dispositive portion of which reads:

WHEREFORE, the instant petition is **GRANTED**. The decision of the then Court of First Instance of Palawan, Branch II, dated December 15, 1977, in Land Registration Case No. N-21, LRC Record No. N-44308 is hereby declared **NULL and VOID**. Accordingly, Decree No. N-172081 and the corresponding Original Certificate of Title No. 4295 issued in the name of the Heirs of Pedro S. Palanca, as well as the subsequent Transfer Certificates of Title Nos. T-7095, T-7096, T-10396, T-10397, T-10398, T-10399, T-10410 and T-10884 and all subsequent TCTs issued thereafter are also declared **NULL and VOID**. Private respondents Heirs of Pedro S. Palanca are **DIRECTED** to surrender said transfer certificates of title to public respondent Register of Deeds of Palawan; and the latter is also **DIRECTED** to cause the cancellation thereof.

SO ORDERED.<sup>[12]</sup>

Petitioners' motion for reconsideration was likewise denied by the CA in a resolution<sup>[13]</sup> dated December 21, 2001. Hence, this petition.

Petitioners contend that the CA disregarded settled jurisprudence and applicable land laws when it ruled that the subject properties covered by their application for registration were forest lands and that, consequently, the land registration court did